Cominco Ltd.

Annual Report 1982

Cominco Ltd.

Summary of Business Activities and Corporate Objectives

Cominco Ltd. is an integrated natural resource company with principal activities in mineral exploration, mining, smelting and refining. It is the world's largest mine producer of zinc and lead, accounting for about 10 and 11 per cent, respectively, of mine production in the western world. Cominco is western Canada's second largest chemical fertilizer producer, supplying about 22 per cent of the western Canadian market and 12 per cent of the market in the upper midwest of the United States. Principal chemical and fertilizer products are ammonia, urea, potash, ammonium nitrate, ammonium phosphate, ammonium sulphate, sulphuric acid and sulphur dioxide. Cominco also produces silver, gold, copper, tin, cadmium, bismuth, indium, diamonds, coal, steel products, fabricated metals, high-purity metals and compound semiconductors and components for the electronics and other high-technology industries.

Cominco's primary objective remains long-term, steady growth. To accomplish this, it seeks to strengthen its position in zinc and in lead, and to expand its activities in other non-ferrous metals and in chemicals and fertilizers. Cominco is also endeavouring to broaden its markets, its products and its geographic base.

In managing the growth of its business, Cominco continues to seek high standards of production efficiency, to provide customer satisfaction and to reward employee energy and initiative. Emphasis is placed on the health and safety of workers and the protection of the environment.

Cover:

The Red Dog deposit outlined here is a potential zinc-lead-silver mine in northwestern Alaska. Extensive diamond-drilling since 1980 has confirmed one of the world's largest concentrations of zinc. Agreement was reached in 1982 between Cominco and the NANA Regional Corporation, Inc., an Alaska native organization, for joint development of the property.

Highlights of 1982

(All dollar amounts in millions except per share figures)

		1982	1981
Financial	Net earnings (loss)	$ (31.2)	$ 70.3
	— per common share	$ (2.20)	$ 3.35
	Dividends on common shares	$ 24.4	$ 75.2
	— per common share	$ 1.30	$ 4.10
	Return on common shareholders' equity	nil	9.3%
	Capital expenditures	$ 230.4	$ 333.7
Production and sales	Production of concentrates in tons *(tonnes)*		
	zinc	722,700	567,600
		(655,700)	*(515,000)*
	lead	386,800	325,700
		(351,000)	*(295,500)*
	copper	28,800	70,400
		(26,200)	*(63,900)*
	Sales of zinc and lead in tons *(tonnes)*	636,100	612,000
	[includes metal content of concentrates sold]	*(577,100)*	*(555,300)*
	Production of chemicals and fertilizers in tons	2,497,000	2,953,000
	(tonnes)	*(2,265,000)*	*(2,678,000)*
	Sales of chemicals and fertilizers in tons	2,536,000	2,715,000
	(tonnes)	*(2,300,000)*	*(2,463,000)*

Contents

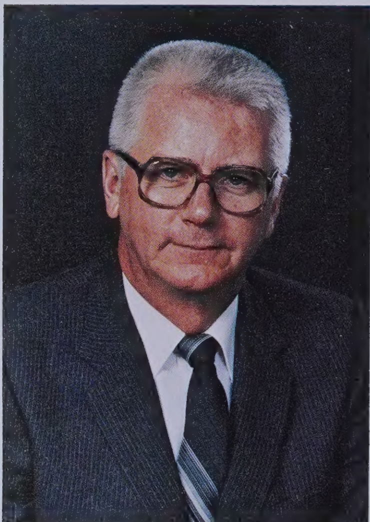
Terms used

In this report, all dollar amounts are Canadian unless otherwise noted.
All tons are short tons, with metric tonnes adjacent in italics and in parentheses.
A tonne is 1,000 kilograms, or 2,204.6 pounds.

Annual Meeting

The Annual General Meeting of Cominco Ltd. will be held on Thursday, April 21, 1983, at 11:00 a.m., in the Park Ballroom, Four Seasons Hotel, Vancouver, B.C.

Report of the Directors to the Shareholders



M. N. Anderson
Chairman and
Chief Executive Officer

The economic recession, which had a severe impact on the Company in 1981, worsened in 1982. Demand for Cominco's principal products softened further and base metal prices, in real terms, fell to levels reminiscent of the 1930s.

The net loss for the year was $31.2 million on sales of $1,234.7 million, or $2.20 a common share. The loss included an extraordinary gain of $18.1 million, or $0.96 a common share, realized from the sale of oil and gas properties of a subsidiary company. Earnings in 1981, after including an extraordinary gain of $5.6 million, were $70.3 million, or $3.35 a common share on sales of $1,416.9 million.

The year's achievements, while overshadowed by the Company's first loss in 50 years, will have a long-range positive impact on Cominco's future. An agreement was reached early in the year with NANA Regional Corporation, Inc., an Alaskan native organization, for the potential development of the Red Dog deposit. Even at this early stage of delineation, the reserves from this property double the lead-zinc ores controlled by Cominco. The deposit — located in Northwest Alaska about 50 miles from deep water in the Chukchi Sea — is strategically placed to serve markets in Asia and North America and is in an area containing other potential orebodies in which Cominco has an interest. The magnitude of Red Dog and our nearby properties will influence the world zinc and lead mining industry for several decades.

The successful start-up of the new Polaris Mine, on Little Cornwallis Island, N.W.T., which began full production in March, increased the Company's output of zinc and lead concentrates by nearly one-third in the mine's first year of production.

Another important event in 1982 was the decision to bring the Valley Mine in British Columbia into production. Although it has started on a reduced scale of 23,000 tons *(21,000)* of ore a day, when developed to its full potential in future years, the mine could sustain an operating level of 88,000-110,000 tons *(80,000-100,000)* of ore a day. It is the largest known porphyry copper deposit in Canada.

At Trail, B.C., significant parts of the zinc electrolytic and melting plant came into production. When fully operational, this plant will have an annual capacity of 300,000 tons *(272,000)* of refined zinc.

At Kimberley, B.C., the mechanization program at the Sullivan Mine continued, and resulted in half of the ore being mined by this means during 1982. At the completion of the modernization program, 70 per cent of the ore will be mined by this method.

The $31-million expansion program to increase production by 25 per cent at the Vade Potash operations in Saskatchewan was completed in October.

During the year, funds were raised through a successful offering to the public of $50 million $3.25 Cumulative Redeemable Preferred Shares, Series D, and the arrangement of $100 million in new term bank financing.

Cominco, West Kootenay Power and Light Company, Limited and the British Columbia Public Utilities Commission were successful in resolving a number of long-outstanding regulatory and financial issues that will enable the utility subsidiary to proceed with plans for long-term financing.

Cominco took stringent measures to control costs during the year. Several operations were temporarily shut down to control inventories. The Jersey Mine, which was unable to operate profitably at existing copper prices, was closed. Wherever possible, capital expenditures were trimmed or deferred. Staffing levels were critically assessed everywhere, and significant reductions were made. Even with the labour force 14.6 per cent lower than in 1981 at year-end, productivity improved markedly in 1982, as evidenced by production remaining almost the same as in 1981. With these measures, Cominco has reached a good position to take advantage of the economic recovery.

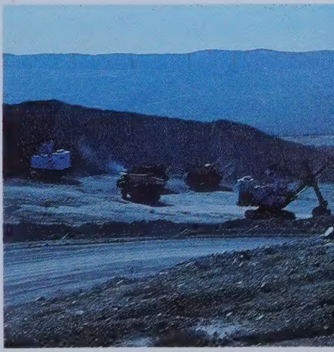
Two new Directors joined the Board, Denham Kelsey and Ross Duthie, both of Vancouver. Bill Bennett and Stan Nixon left the Board after many years of diligent and dedicated service to the Company's affairs.

On behalf of the Directors and Officers, I wish to express appreciation to the employees for their dedication and efforts in a difficult year.

M. N. Anderson

March 15, 1983

The Waneta hydro-electric power plant on the Pend d'Oreille River in British Columbia is the largest in the Cominco generating system. Cominco, West Kootenay Power and Light Company, Limited and the B.C. Public Utilities Commission resolved important issues in 1982.



Haul roads were built at the new Valley Mine to the concentrator in preparation for the copper project's start-up in January, 1983.

◁ Six shiploads of zinc and lead concentrates left for Europe from the new Polaris Mine during the August - October ice-free shipping "window" in the Canadian High Arctic.

The Year in Review

Revenue and Earnings

Cominco incurred a loss of $49.3 million before an extraordinary item in 1982. After including an extraordinary net gain of $18.1 million realized from the sale of the oil and gas properties of Cominco American Incorporated for $37.6 million, the loss for the year was reduced to $31.2 million. In 1981 earnings were $70.3 million after including an extraordinary gain of $5.6 million. During 1982 losses occurred in the first, third and fourth quarters. The second quarter, traditionally strong because of the revenues from spring fertilizer sales, was marginally profitable. Operating results were down significantly in each of the three industry segments in which Cominco operates, and the mining and integrated metals segment recorded a sizeable loss.

Revenue from sales of products and services declined to $1,234.7 million in 1982, compared with $1,416.9 million in 1981. In 1982 sales prices were lower and accounted for $125.6 million of the decrease, and sales volume also declined from 1981 levels which reduced revenues by an additional $56.6 million. Investment income declined sharply as surplus funds available for temporary investment were reduced.

The cost of products and services decreased from 1981 levels due to lower sales volumes, even though there were higher labour and energy costs. Cost containment and restraint programs implemented in 1981 continued throughout the year and helped to reduce losses. The manufactured cost of certain products carried in year-end inventories exceeded their current selling price, and write-downs were made which contributed to the loss in 1982. Although interest rates declined during the year, interest expense charged to earnings increased by $27.8 million due to greater borrowings and the inclusion of interest expense associated with the Polaris Mine project following the commencement of commercial operations. Prior to commencement of operations, interest expense had been capitalized as part of the cost of this project.

The loss for 1982 has been reduced by a tax credit of $19.8 million for income taxes. This tax credit will be realized in future years when the Company returns to a profitable basis.

Equity in net earnings of associated companies increased to $5.2 million from $3.8 million in 1981. This increase is attributed mainly to the increased earnings of Fording Coal Limited, whose contribution was $4.7 million in 1982 compared with a small loss in 1981.

On a common share basis, before extraordinary items, the net loss for 1982 was $3.16, compared with earnings of $3.05 in the previous year.

Liquidity and Capital Resources

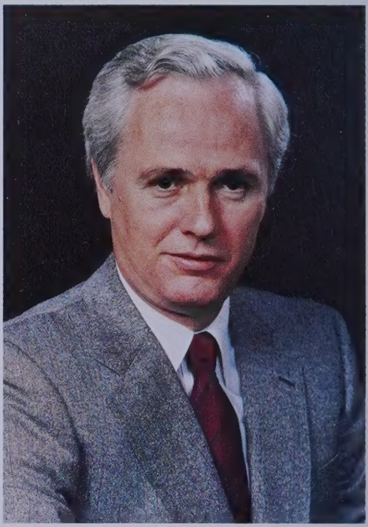
The Consolidated Statement of Changes in Financial Position on page 25 shows 1982 sources of funds totalling $233.0 million compared with $572.6 million in 1981. Because of the loss for the year, funds of $8.1 million were required for operations, a significant shortfall compared with the $201.3 million earned in 1981. Proceeds from disposal of assets, including $25.7 million, after income taxes, from the sale of the U.S. oil and gas properties, contributed $39.7 million. Additional long-term debt totalled $151.3 million in 1982 and included a $100.0 million-revolving-term loan and final drawdowns under the $170.0 million Polaris Mine project loan. On September 30, 1982, Cominco received $50.0 million from the issue of Cumulative Redeemable Preferred Shares, Series D and the proceeds were used to reduce short-term borrowings.

Funds applied during 1982 totalled $304.0 million, about half the 1981 level. Expenditures on land, buildings and equipment at $176.9 million included $68.3 million on modernization projects in Trail, B.C. The program to increase production capacity at Cominco's Potash mine was completed during the year at a cost of $11.7 million. Other expansion and modernization projects included a new $13.0-million arsenic recovery plant at the Con Mine in the Northwest Territories, and the expenditure of $16.1 million on a new continuous rolling mill at Western Canada Steel's Vancouver plant. Expenditures on the Company's mineral properties were $53.5 million, down $14.9 million from last year. During the year, expenditures were $12.7 million on the Valley Mine, located in British Columbia, and were $11.4 million on the Red Dog zinc-lead-silver deposit in Alaska.

Scheduled repayments of long-term debt made during the year totalled $29.6 million. Total dividend payments were $41.3 million, including $10.5 million to preferred shareholders and $6.4 million to minority shareholders of subsidiary companies. Common share dividends totalled $24.4 million or $1.30 a share in 1982, sharply down from the 1981 level of $75.2 million, or $4.10 a share. Dividends of $2.00 a share on Series A Preferred Shares and $2.64 a share on Series C Preferred Shares were paid in 1982. On January 1, 1983, $0.82 a share was paid on Series D Preferred Shares.

Working capital declined during the year to $221.0 million from $292.0 million at the end of 1981. Lines of credit available to Cominco and its consolidated subsidiaries totalled $370.0 million, of which $222.0 million were unutilized at year-end. Of this total, $255.0 million are committed by the lenders until at least January 1984.

West Kootenay Power and Light Company, Limited has received commitments from institutional lenders to subscribe for $35.0 million of fixed-rate debentures, thereby substantially reducing that company's dependence on short-term bank financing.



W. G. Wilson
President

The Year in Review

Operations

The operations of Cominco Ltd. and its subsidiaries are divided into three industry segments as follows:

1 ***Mining and integrated metals****, comprising principally the mining, processing, smelting and refining of zinc, lead, copper, silver and gold;*

2 ***Chemicals and fertilizers****, comprising principally the production of sulphuric acid, sulphur dioxide, potash, ammonia, urea, phosphates and nitrates;*

3 ***Other operations****, comprising fabricated metal products and the generation and distribution of electric power.*

The revenues and operating profits (losses) of each segment are shown in Note 12 of the Notes to Consolidated Financial Statements. Operating profits (losses) are before providing for unallocated costs and expenses, including interest expense, general mining exploration and income and resource taxes.

Mining and Integrated Metals

Revenues and Operating Profit (Loss)

	Revenues		Operating Profit (Loss)	
	1982	1981	**1982**	1981
	(millions)			
Sullivan Mine	**$ 79**	$118	**$ 13**	$ 46
Pine Point Mines	**88**	126	**(10)**	29
Polaris Mine	**29**	—	**2**	—
Black Angel Mine	**65**	74	**14**	24
Magmont Mine	**24**	31	**3**	13
Con Mine	**37**	40	**7**	13
Jersey Mine	**25**	32	**(5)**	(5)
Trail	**328**	342	**(44)**	(20)
Nonproducing mines and properties	**—**	—	**(18)**	(21)
	$675	$763	**$(38)**	$ 79
First Quarter			**$(18)**	$ 23
Second Quarter			**(7)**	27
Third Quarter			**(14)**	23
Fourth Quarter			**1**	6
			$(38)	$ 79

The Sullivan Mine at Kimberley, B.C., and the Pine Point Mines, in the Northwest Territories, remain the chief sources of zinc and lead concentrates for the metallurgical operations at Trail, B.C. Other mines operated by the Company and its subsidiaries are the new Polaris Mine, N.W.T. (zinc, lead); the Black Angel Mine, Greenland (zinc, lead, silver); the Magmont Mine, Missouri (lead, zinc, copper); and the Con Mine, N.W.T. (gold). The Jersey Mine, B.C. (copper) ceased operation in June and shortly afterward preparation began for the development of the nearby Valley Mine (copper) which began operations in January, 1983.

At Trail, the Company operates an integrated smelter and refining complex producing various refined metal products, principally zinc, lead and silver.

The Industry

Demand for zinc, lead and copper was weak during 1982. This was caused by the depressed world economy and, in particular, its impact on the construction, automotive and durable consumer goods industries. Western world consumption of zinc and lead declined approximately 7 and 3 per cent respectively in 1982, according to the International Lead-Zinc Study Group of the United Nations; copper consumption declined by about 5 per cent, according to the World Bureau of Metal Statistics. In a normal year, producer stocks of these metals in the western world are about five weeks consumption for lead, and six weeks consumption for zinc and copper. At year-end, lead stocks were at eight weeks consumption; and zinc and copper stocks were at nine weeks. The supply of zinc and lead concentrates increased considerably during 1982 as western world mine production of these concentrates increased by 5.4 and 4.3 per cent respectively. Production of refined zinc and lead metal decreased by 5.6 and 3.7 per cent respectively.

Prices, reflecting the weak demand and the surplus supply of metals, were lower than in 1981. (See charts on page 11.)

Summary of Results

Revenues in the mining and integrated metals industry segment in 1982 were $675 million, compared with $763 million in 1981, a decrease of $88 million. After considering sales to other industry segments, lower prices accounted for $114 million of the decrease, offset by higher sales volumes of $23 million.

This industry segment incurred an operating loss of $38 million in 1982, compared with an operating profit of $79 million in 1981. The improvement in the fourth quarter of 1982 resulted from the resumption at Trail of operations that

had been shut down during part of the third quarter, higher silver and gold prices and revenues from the Polaris concentrates sales. The principal factors responsible for the 1982 loss were low zinc and lead prices, reduced sales volumes and increased production costs. These were partially offset by a 30 per cent increase in zinc and lead concentrates sales volumes (a result of the successful start-up of the Polaris Mine), and an increase in sales of refined gold and silver.

Cominco sold 215,700 tons *(195,700)* of zinc concentrate, compared with 154,000 tons *(139,700)* in 1981; and 142,200 tons *(129,000)* of lead concentrate, compared with 126,700 tons *(114,900)* sold in 1981.

Copper concentrate sold in the year was 44,600 tons *(40,500)*, containing 17,900 tons *(16,200)* of copper; the Jersey Mine operated only for the first six months of the year. Sales in 1981 were 59,400 tons *(53,900)*, containing 19,000 tons *(17,200)* of copper.

The Company sold 255,900 tons *(232,100)* of refined zinc in 1982, compared with 276,600 tons *(250,900)* in 1981. Refined lead sales totalled 147,200 tons *(133,500)*, compared with 151,600 tons *(137,500)* in 1981. To control inventories, the operations at Trail and Kimberley, B.C. were shut down for five weeks in mid-summer. At year-end, the inventory of five-and-a-half weeks production of refined zinc was near normal, but the lead inventory of about eight weeks production was about two-and-a-half weeks above the normal level.

Sales of gold were 104,100 ounces *(3,238 kilograms)*, up from 95,500 ounces *(2,970 kilograms)* sold in 1981 when there was a six-week strike at the Con Mine. Mill throughput was also higher at the Con. Cominco sold 10,004,000 ounces *(321,636 kilograms)* of silver, compared with 7,635,000 ounces *(237,449 kilograms)* in 1981. More silver from Trail was available to be sold in 1982 because Cominco itself required less silver in anode manufacture for the new zinc electrolytic and melting plant. Another contributing factor was the higher silver and gold content of custom concentrates purchased. Year-end inventories of gold and silver were minimal.

Sullivan Mine

Now in its 74th year of production, the Sullivan Mine at Kimberley continues to be the principal supplier of zinc and lead concentrates to the metallurgical plants at Trail.

The sales value of concentrates shipped was $79 million in 1982, compared with $118 million in 1981. The operating profit was $13 million in 1982, compared with $46 million in 1981. Low prices mainly accounted for the decline in revenue and profits. Despite a five-week shutdown, ore production in 1982 was the highest achieved since 1964, as a result of both an increase in mechanized mining methods and increased production using conventional mining methods. In 1982, mechanized mining produced approximately one-half of the output.

Zinc concentrate production was at the same level as in 1981, but improved lead grades, together with record ore production, increased lead concentrate production by 15 per cent.

There were 1,040 persons employed at the mine at the beginning of the year, and 959 at year-end.

		1982	1981
Ore milled	tons	**2,446,000**	2,436,000
	(tonnes)	***(2,219,000)***	*(2,210,000)*
Zinc			
Average grade		**3.2%**	3.2%
Concentrate	tons	**131,000**	131,200
	(tonnes)	***(118,800)***	*(119,000)*
Concentrate grade		**49.4%**	49.5%
Lead			
Average grade		**5.0%**	4.4%
Concentrate	tons	**170,600**	148,000
	(tonnes)	***(154,800)***	*(134,300)*
Concentrate grade		**61.4%**	62.7%
Silver			
Average grade	ozs./ton	**1.9**	1.8

Pine Point Mines

Cominco owns 69 per cent of the shares of Pine Point Mines Limited, which has zinc-lead mines and a concentrator at Pine Point, N.W.T., on the south shore of Great Slave Lake. Almost all of the zinc concentrate produced at Pine Point is treated at Cominco's metallurgical plants at Trail. Most of the lead concentrate is sold to an associated company, Mitsubishi Cominco Smelting Company Limited (45 per cent owned), which operates a lead smelter in Japan. The remaining concentrates are sold on world markets.

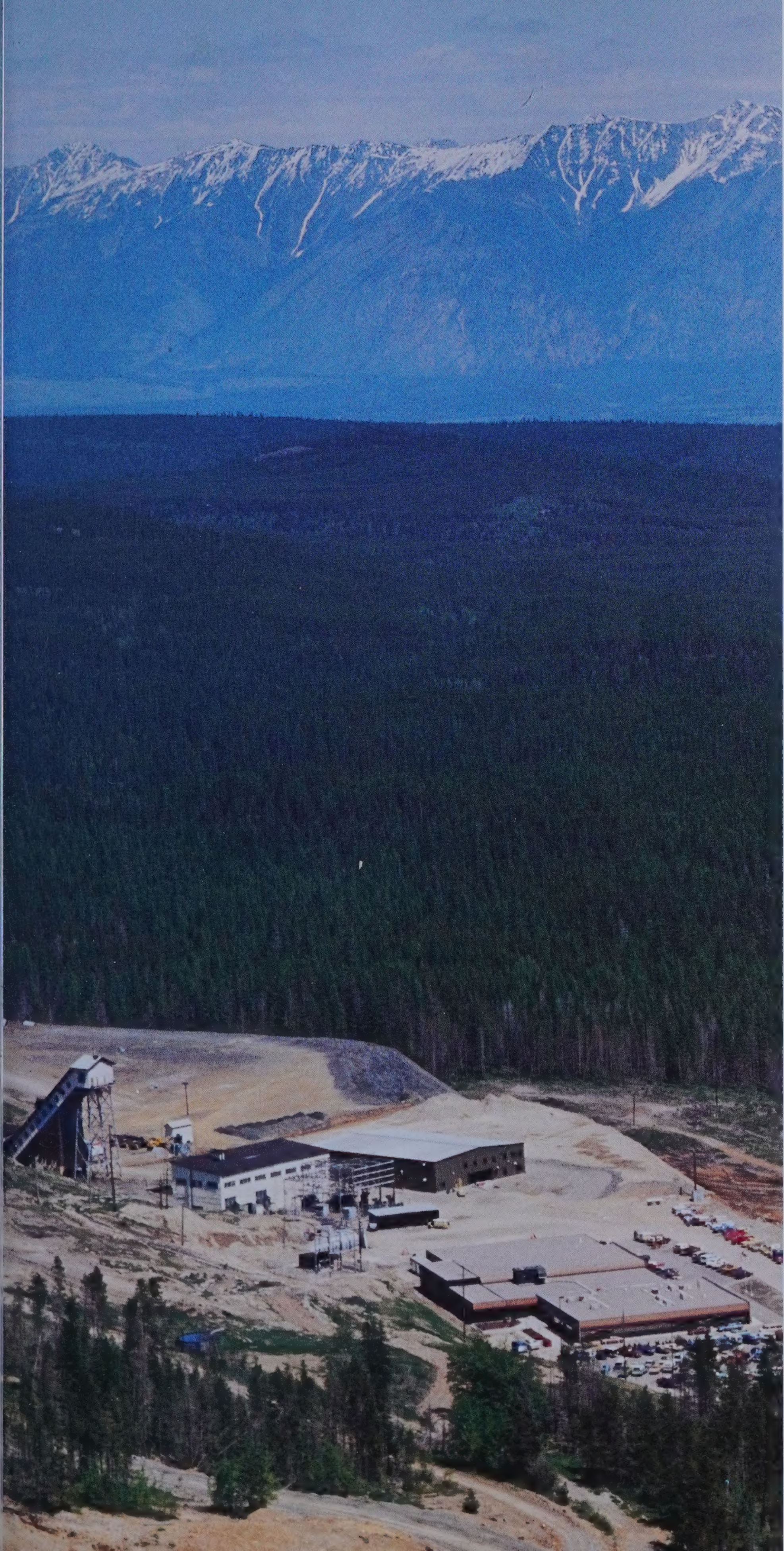
Revenues in 1982 were $88 million compared with $126 million in 1981. The depressed state of the base metal markets in 1982 resulted in an operating loss of $10 million, compared with a profit of $29 million in 1981. In late 1981 it was recognized that poor market conditions were likely to persist and a stringent program was initiated to contain costs and conserve cash. A revised mining and milling plan introduced in the first quarter reduced production from lower-grade ore sources, placed the concentrator on a five-day week, curtailed operating and capital expenditures, and, as elsewhere in Cominco, froze hiring and the salaries of non-union staff. Subsequently, in a further effort to reduce costs, the Pine Point management initiated discussions with officials of Canadian National Railways, the smelter, the Northern Canada Power Commission, the Federal Government and the union local to obtain concessions. These issues were not resolved at year-end.

Continuing low prices for lead and zinc concentrates, coupled with increasing costs, led to a decision to shut down the mining and milling operations temporarily on January 2, 1983. The situation is being reviewed regularly and operations will resume when economic conditions permit.

Additional reserves were confirmed in the major new high-grade orebody announced in 1981. The addition of this ore resulted in the combined metal in 1982 ore reserves remaining at the same level as in 1981.

There were 631 persons employed at Pine Point Mines at the beginning of the year, and 583 at year-end, reflecting the cost containment program.

		1982	1981
Ore milled	tons	**2,445,000**	3,636,000
	(tonnes)	***(2,218,000)***	*(3,299,000)*
Zinc			
Average grade		**7.3%**	4.8%
Concentrate	tons	**287,400**	274,400
	(tonnes)	***(260,700)***	*(249,000)*
Concentrate grade		**57.3%**	58.4%
Lead			
Average grade		**3.0%**	2.0%
Concentrate	tons	**84,500**	86,500
	(tonnes)	***(76,700)***	*(78,400)*
Concentrate grade		**76.5%**	77.1%

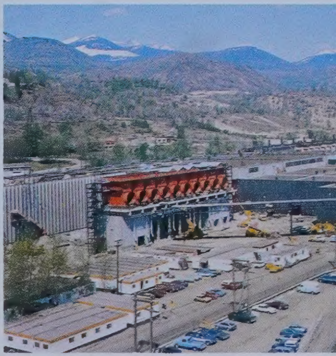


Modernization at Kimberley and Trail, B.C.

Major projects in the extensive modernization and expansion program which started in 1977 were completed in 1982.

The two Lasta filter presses are on the top floor of the solids separation plant of the zinc fume leach project at Trail.

The autoclave in the new zinc pressure leaching plant, an innovation that has resulted in more efficiency and a cleaner working environment.



The new zinc electrolytic and melting plant at Trail, the world's largest, is setting the standard for electrolytic zinc technology.

◁ The new Sullivan Mine surface facilities at Kimberley with the Rocky Mountain Trench in the background: half the mine's production now comes from mechanized mining methods.

Polaris Mine

After two years of construction, the world's most northerly base metal mine, on Little Cornwallis Island, N.W.T., began producing at commercial rates in February. The mine is expected to produce 195,000 tons *(177,000)* of zinc concentrate and 45,000 tons *(41,000)* of lead concentrate on a full year basis. Most of the zinc concentrate is sold to European refineries. The remainder is tolled at a custom smelter in Europe, and the resulting metal is sold by Cominco. The lead concentrate is sold to smelters in Europe.

Production in this first year was 142,400 tons *(129,200)* of zinc concentrate, and 45,900 tons *(41,600)* of lead concentrate. The first ore to go through the mill had higher lead and zinc ore grades than will be processed in future. The average mill rate in 1982 was 1,475 tons *(1,338)* a day.

The limited shipping season from Polaris to Europe extended in 1982 from August to mid-October. Six shipments, aggregating 122,500 tons *(111,100)* of zinc concentrate and 37,100 tons *(33,700)* of lead concentrate, were transported. Concentrate shipments are reported as sales when consumed by customers: 43,900 tons *(39,800)* of zinc concentrate and 9,200 tons *(8,300)* of lead concentrate shipped during 1982 will be reported as sales in the first half of 1983. Revenues from the sale of concentrates were $29 million, generating an operating profit of $2 million. In addition, at year-end, 26,100 tons *(23,700)* of zinc concentrate and 10,500 tons *(9,500)* of lead concentrate were held in inventory at the mine. This stockpile and new production will be shipped in the 1983 shipping season.

The mine employed 214 at the beginning of the year and 244 when fully staffed at year-end. In December there were 46 northerners employed, 23 of them Inuit.

		1982
Ore milled	tons	**518,000**
	(tonnes)	***(470,000)***
Zinc		
Average grade		**17.0%**
Concentrate	tons	**142,400**
	(tonnes)	***(129,200)***
Concentrate grade		**57.3%**
Lead		
Average grade		**7.0%**
Concentrate	tons	**45,900**
	(tonnes)	***(41,600)***
Concentrate grade		**72.6%**

Black Angel Mine

Cominco owns 63 per cent of the shares of Vestgron Mines Limited, which, through its wholly owned subsidiary Greenex A/S, owns and operates the Black Angel zinc-lead-silver mine and concentrator at Maarmorilik, Greenland. Zinc and lead concentrates are transported from the mine during the June-November shipping season. Most of the zinc concentrate produced is sold to European refineries. The remainder is tolled at a custom smelter in Europe and the resulting metal is sold by Cominco. The lead concentrate is sold to smelters in Europe.

Revenues were $65 million in 1982, compared with $74 million in 1981. Zinc concentrate sales totalled 178,100 tons *(161,600)* and exceeded production for the year. This was achieved through a reduction in inventory. Lower sales revenues were realized from lead concentrate sales, which were down sharply from 1981 due to the lower sales volume and significantly lower prices for lead and silver contained in lead concentrate.

The operating profit in 1982 was $14 million, compared with $24 million in 1981. Earnings declined, largely because of depressed prices and low sales volume for lead concentrate. Earnings from zinc were marginally higher than in 1981.

Greenex production was at a record level in 1982. The concentrator treated 744,000 tons *(675,000)* of ore at an average grade of 12.6 per cent zinc and 4.5 per cent lead. Production totalled 154,900 tons *(140,500)* of zinc concentrate and 41,300 tons *(37,500)* of lead concentrate.

Exploration underground in 1982 continued to find modest extensions to the ore zones. However, with adjustments to the reserves resulting from more complete information on the areas mined, there was no overall addition to reserves in the year and reserves were depleted by the tonnage mined. Surface and underground exploration in the vicinity of the mine extended known mineralization and located new mineralization warranting further investigation in 1983.

Greenex employed 340 persons at the beginning of 1982, and 357 at year-end. One hundred and thirty-two of that company's 324 employees at the mine at year-end were Greenlanders. The increase in the number of employees at Maarmorilik is partly due to increasing distances to the working areas in the mine, special employment conditions for Greenlandic workers and the greater number of employees being trained at the mine's school.

		1982	1981
Ore milled	tons	**744,000**	706,000
	(tonnes)	***(675,000)***	*(640,000)*
Zinc			
Average grade		**12.6%**	13.5%
Concentrate	tons	**154,900**	154,100
	(tonnes)	***(140,500)***	*(139,800)*
Concentrate grade		**56.9%**	57.1%
Lead			
Average grade		**4.5%**	4.7%
Concentrate	tons	**41,300**	42,000
	(tonnes)	***(37,500)***	*(38,100)*
Concentrate grade		**70.7%**	70.8%
Silver	ozs/ton	**1.0**	1.0
	(g/tonne)	***(35)***	*(35)*

Magmont Mine

Cominco owns a 50 per cent interest in the Magmont Mine, Bixby, Missouri, and operates the mine and concentrator. Lead concentrate is processed under contract with a nearby custom smelter. This contract is due for renegotiation by October 1983, otherwise lead concentrate will be offered for sale or tolling through other smelters. Zinc concentrate is sold to refineries in the United States, and copper concentrate is sold on the world market.

Cominco's 50 per cent share of the revenues was $24 million in 1982, compared with $31 million in 1981. Operating profit in 1982 was $3 million, compared with $13 million in 1981. The reduction in both revenues and profits was attributed to low metal prices.

Magmont ore production was down slightly in 1982 as were the grades, mainly due to the mining of the lower-grade Magmont East extension. In addition, the mine was shut down for two weeks in August to control inventories, as a result of the temporary closure of the custom lead smelter.

The development of the Magmont West orebody continued on schedule, with completion of a ventilation shaft expected in 1983. The ore from this zone is expected to contribute to the mine production in 1983.

There were 191 persons employed at the beginning of the year and 186 at year-end.

		1982	1981
Ore milled[1]	tons	**1,107,000**	1,127,000
	(tonnes)	***(1,004,000)***	*(1,022,000)*
Lead			
Average grade		**6.5%**	7.0%
Concentrate	tons	**44,500**	49,200
	(tonnes)	***(40,400)***	*(44,700)*
Concentrate grade		**78.9%**	78.4%
Zinc			
Average grade		**1.0%**	1.1%
Concentrate	tons	**7,000**	7,900
	(tonnes)	***(6,400)***	*(7,200)*
Concentrate grade		**60.0%**	60.8%
Copper			
Average grade		**0.3%**	0.3%
Concentrate	tons	**2,900**	3,500
	(tonnes)	***(2,600)***	*(3,200)*
Contained in concentrate	tons	**900**	1,000
	(tonnes)	***(800)***	*(900)*

[1] *This mine is a joint venture of Cominco American Incorporated and Dresser Industries Incorporated. Ore milled reported is at 100 per cent; the tons of concentrate reported is Cominco's 50 per cent share of production.*

Con Mine

Ore produced at the Con gold mine in Yellowknife, N.W.T., is milled and refined there and the gold is sold in Canada.

Revenues were $37 million in 1982, compared with $40 million in 1981, a result of lower prices for gold. Operating profit was $7 million in 1982, compared with $13 million in 1981.

Despite lower grades encountered and difficult mining conditions in mechanized stopes, gold production increased principally because of a significant increase in mill throughput. Mining was carried out in an area where ore was of lower grade than the average grade of the ore reserves. Underground diamond drilling produced encouraging exploration results at levels 60 metres below the present mine workings. As well, reserves were added in areas adjacent to workings.

The $13-million arsenic recovery plant started operations late in the year and production of refined arsenic trioxide started in December. (See "Environmental Protection", page 19.)

There were 353 persons employed at the beginning of the year and 309 at year-end.

		1982	1981
Ore milled	tons	**234,200**	194,000
	(tonnes)	***(212,400)***	*(176,000)*
Gold			
Average grade	ozs/ton	**0.36**	0.41
Production	ounces	**79,500**	74,800
	(kg)	***(2,471)***	*(2,326)*

Copper Division

On December 31, the wholly owned subsidiaries Bethlehem Copper Corporation and Valley Copper Mines Limited were amalgamated with Cominco. The business and operations of these subsidiaries are now conducted as Cominco's Copper Division which operates the former Jersey concentrator and the new Valley Mine.

Jersey Mine

The Jersey copper mine is located near Logan Lake, B.C. It operated for the first six months in 1982.

Revenues in 1982 were $25 million, compared with $32 million in 1981. The operating losses in both 1982 and 1981 were $5 million.

During its 1982 operation the average grade of ore mined was 0.38 per cent copper. The combined effects of the low-grade ore and the depressed price of copper necessitated an early reduction in the waste stripping program as an interim measure to cut costs and sustain the operation. By mid-year the copper market had weakened to the extent that mining of the Jersey pit was uneconomic. Consequently, operations ceased on June 30.

The concentrate production during the six-month operating period was 25,900 tons *(23,500)*, compared with 66,900 tons *(60,700)* for the year 1981.

There were 373 persons employed at the beginning of the year and 316 when the mine closed in June.

		1982 6 months	1981 12 months
Ore milled	tons	**3,431,000**	7,161,000
	(tonnes)	***(3,113,000)***	*(6,496,000)*
Copper			
Average grade		**0.38%**	0.39%
Contained in concentrate	tons	**11,000**	22,900
	(tonnes)	***(10,000)***	*(20,800)*

Valley Mine

The Valley Mine, near Logan Lake, B.C., started production in January, 1983. The ore reserve is estimated to be 800 million tons *(725 million)* with an average grade of 0.475 per cent copper, and as such represents the largest known porphyry copper deposit in Canada.

The depressed price of copper during 1982 led to a reassessment of the initial size of development of this deposit. The proposed large-scale development that was under consideration in 1981 was deferred early in 1982. Instead, with the shutdown of the nearby Jersey Mine, a plan was implemented successfully at a capital cost of $15 million to commence operations at this mine at a scale of approximately one-fifth of its ultimate potential by utilizing the Jersey concentrator. Preproduction stripping and stockpiling of ore began in July 1982, using personnel and equipment from the Jersey Mine, and the mill was producing copper concentrate by mid-January, 1983. The Valley Mine will process 23,000 tons of ore a day *(21,000)*.

The combined effect of improved ore grade, easier grinding and higher recovery is expected to result in an increase of copper contained in concentrates from 22,900 tons *(20,800)* obtained from the Jersey Mine in 1981 to approximately 35,300 tons *(32,000)* for the year 1983. The higher level of production together with a lower stripping ratio will result in significantly lower unit cost of production. There were 360 persons employed at the Valley operations at the beginning of 1983.

The unique technology for the arsenic recovery plant at the Con Mine was developed by the Technical Research Centre at Trail and Cominco Engineering Services Limited.

Trail Metallurgical Operations

Production of Refined Metals

		1982	1981
Zinc	tons	225,800	260,900
	(tonnes)	*(204,800)*	*(236,600)*
Lead	tons	126,600	131,500
	(tonnes)	*(114,900)*	*(119,300)*
Silver[1]	oz	9,681,000	7,721,000
	(kg)	*(301,100)*	*(240,100)*
Gold	oz	24,800	20,600
	(kg)	*(771)*	*(641)*

[1] In 1982, 3,488,900 tr. oz. *(108,516 kilograms)* came from Company-owned sources, compared with 3,181,000 tr. oz. *(98,939)* in 1981.

The integrated smelter and refining complex at Trail produces a wide range of metals, principally refined zinc, lead and silver. Annual production capacity will be 300,000 tons *(272,000)* of refined zinc and 150,000 tons *(136,000)* of refined lead. About half of Cominco's zinc concentrate production is refined at Trail. Other products of the Trail Metallurgical Operations include phosphate and sulphate fertilizers and minor metals. Electric power is also generated and that which is surplus to Cominco's needs is offered to West Kootenay Power and Light Company, Limited and to other utilities.

Revenues of $328 million in 1982 were maintained near the 1981 level of $342 million. This was accomplished by an increased sales volume of silver and gold which partly offset the low prices and volumes of lead and zinc sales.

Despite strenuous efforts to contain costs at the Trail metallurgical operations, the operating loss more than doubled to $44 million in 1982, compared with the loss of $20 million in 1981. A major factor was a lower earnings contribution from the sale of surplus power due to reduced demand and lower prices. Operating margins for lead, zinc and fertilizers were adversely affected by the declining prices and were also further eroded by higher unit operating costs resulting from increased energy charges, labour rates and supply costs, and lower production volumes. The price decline throughout the year resulted in the cost of lead and fertilizer carried in year-end inventories exceeding their current selling prices, thus necessitating writedowns which contributed to the loss.

Production at Trail in 1982 was curtailed by a five-week shutdown at mid-year, and in addition, one of the old electrolytic zinc cell houses was closed permanently in the first quarter to control inventories.

Refined lead production was 126,600 tons *(114,900)*, compared with 131,500 tons *(119,300)* in 1981. Refined zinc production at Trail was 225,800 tons *(204,800)* in 1982, compared with 260,900 tons *(236,600)* in 1981.

Silver production totalled 9,681,000 tr. oz. *(301,100 kg)*, compared with 7,721,000 tr. oz. *(240,200 kg)* in 1981, of which 3,488,900 tr. oz. *(108,500 kg)* came from Company-owned mines, and the remainder from custom concentrates. Purchases of custom concentrates with a high silver content were a major factor in the increase.

Gold production at Trail in 1982 was 24,800 tr. oz. *(771 kg)* compared with 20,600 tr. oz. *(641 kg)* in 1981. This increase was mainly the result of the higher gold content of custom concentrate purchases.

The major modernization program initiated at Trail in 1977 continued in 1982, although the restraint on capital spending resulted in important aspects of the program being deferred. Capital expenditures were reduced to $68 million from the $80 million spent in 1981.

Construction was almost completed by year-end on the $210-million, highly automated zinc electrolytic and melting plant. By December, 60 per cent of the cells in the electrolytic plant had been commissioned. When fully operational, the new plant will reduce Cominco's unit cost of producing zinc metal.

The zinc fume leach project which simplifies the electrolytic purification process in the new zinc plant, and improves the working environment, was commissioned at year-end.

The mercury removal section of the sulphur gas handling facility was completed. This facility will enable the Company to reduce further the small amounts of mercury in the effluent in accordance with environmental regulations.

There were 4,955 persons employed at Trail at the beginning of the year, and 4,036 at year-end, as a result of the completion of construction projects, production-related layoffs, rationalization of crew sizes and retirements.

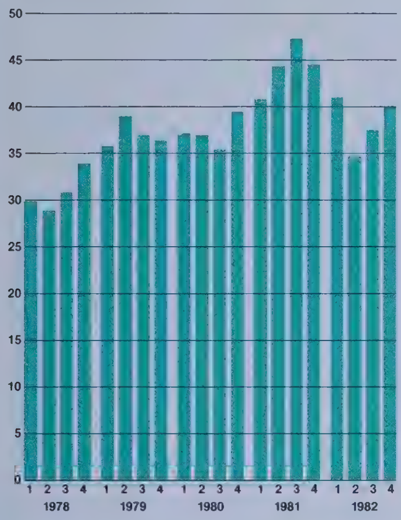
Ore Reserves

	1982				1981			
	Ore Tons x1000	**%Pb**	**%Zn**	**Ag oz/ton**	Ore Tons x1000	%Pb	%Zn	Ag oz/ton
OPERATING MINES (Measured and Indicated)								
SULLIVAN	**49,000**	**4.4**	**6.1**	**1.0**	51,000	4.5	6.0	1.1
PINE POINT	**35,000**	**2.4**	**6.1**	**—**	41,000	1.9	5.4	—
POLARIS	**11,000**	**4.4**	**15.2**	**—**	—	—	—	—
BLACK ANGEL	**2,200**	**4.0**	**13.4**	**1.0**	3,000	4.2	13.5	1.0
MAGMONT	**5,200**	**9.4**	**1.2**	**0.3**	5,500	7.8	1.1	0.3
QUE RIVER	**2,100**	**7.5**	**13.1**	**5.5**	2,700	7.7	13.3	6.0
RUBIALES	**14,300**	**1.2**	**6.9**	**0.4**	14,300	1.2	7.0	0.4
CON-RYCON	**2,100**	**0.47 Au oz/ton**			2,100	0.49 Au oz/ton		
VALLEY	**500,000**	**0.475% Cu**			—			
ARDLETHAN	**900**	**0.44% Sn**			700	0.49% Sn		
CLEVELAND	**1,300**	**0.73% Sn**			2,000	0.64% Sn		
WARM SPRINGS	**7,300**	**30.0% P_2O_5**			7,300	30.0% P_2O_5		
VADE	**155,000**	**25.3% K_2O equiv.**			99,000	26.3% K_2O equiv.		
HONDEKLIP	**500**	**0.40 carats/ton diamonds**			400	0.7 carats/ton diamonds		
FORDING	**239,000**	**clean met. coal equiv.**			170,000	clean met. coal equiv.		
OPERATING MINES (Inferred Ore)								
POLARIS	**13,200**	**3.6**	**11.9**	**—**	25,400	4.3	14.1	—
MAGMONT E & W	**3,900**	**3.4**	**1.5**	**—**	3,700	3.4	1.6	—
QUE RIVER	**2,900**	**2.9**	**5.7**	**1.5**	2,900	2.9	5.7	1.5
VALLEY	**300,000**	**0.475% Cu**			800,000	0.475% Cu		
POTENTIAL MINES (Measured, Indicated and Inferred)								
RED DOG	**85,000**	**5.0**	**17.1**	**2.4**				
TROYA	**5,500**	**1.2**	**10.7**	**0.5**	5,500	1.2	10.7	0.5
BLACK ANGEL, PLATEAU	**360**	**3.9**	**8.8**	**1.0**	—	—	—	
PINCHI	**1,200**	**6.4 lbs. Hg/ton**			1,200	6.4 lbs. Hg/ton		
DOUGLAS	**12,000**	**31.0% P_2O_5 equiv.**			12,000	31.0% P_2O_5 equiv.		
OWENS LAKE	**33,000**	**sodium carbonate equiv.**						
FORDING	**2,100,000**	**thermal coal**			1,900,000	thermal coal		

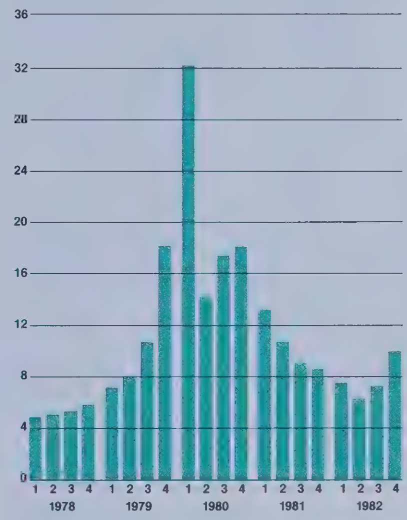
The Year in Review

Quarterly Average Metal Prices

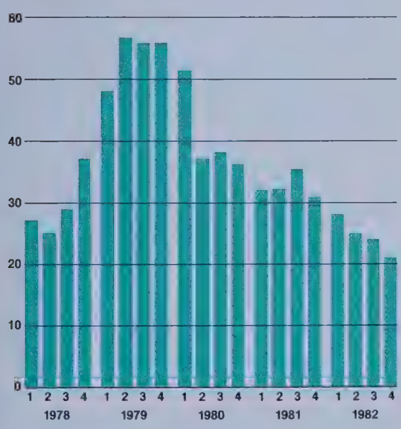
Zinc-U.S. Producer Price (U.S. cents/lb.)
(Source: Metals Week)



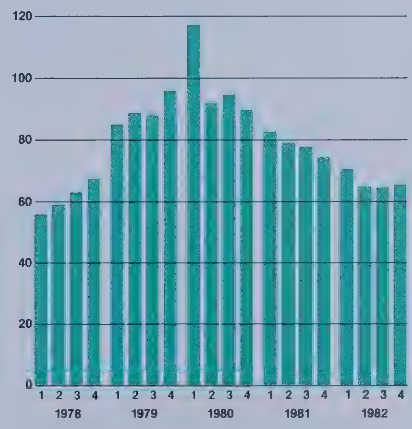
New York Silver Price (U.S. dollars/troy ounce)



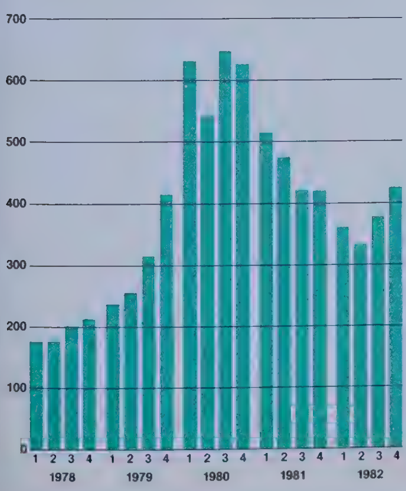
LME Lead Price (U.S. cents/lb.)



LME Copper Price (U.S. cents/lb.)



London Gold Price (U.S. dollars/troy ounce)



Zinc from Trail is loaded at ▷
Vancouver for shipment to customers
in the United Kingdom.

Chemicals and Fertilizers

Revenues and Operating Profit (Loss)

	Revenues		Operating Profit (Loss)	
	1982	1981	1982	1981
	(millions)			
Kimberley	$ 28	$ 50	$ (4)	$ 5
Carseland	115	124	27	44
Calgary	33	28	4	8
Borger	55	83	(5)	1
Beatrice	28	23	3	1
Vade	74	84	12	31
Products for resale	89	72	—	8
	$422	$464	$ 37	$ 98
First Quarter			$ 7	$ 22
Second Quarter			32	37
Third Quarter			(3)	18
Fourth Quarter			1	21
			$ 37	$ 98

Cominco is a fully integrated plant food producer operating at eight locations in Canada and the United States — at Trail and Kimberley, B.C.; Carseland and Calgary, Alberta; Vade, Saskatchewan; Warm Springs, Montana; Beatrice, Nebraska; and Borger, Texas. The financial results from the Trail Fertilizer Operations are included in the mining and integrated metals segment because the operations form a part of the sulphur removal process for the metallurgical operations.

The principal products are ammonia, ammonium nitrate, ammonium phosphate, ammonium sulphate, potash and urea. About one-half of the Company's 1982 total chemical and fertilizer products were sold in the U.S. market. The remainder is marketed in Canada, with the exception of potash. Substantial quantities of potash are sold to Canpotex Ltd., a marketing corporation owned by Saskatchewan potash producers, which markets potash outside North America. In addition to the chemicals produced and used in the manufacture of fertilizers, Cominco produces sulphuric acid and sulphur dioxide for sale to the forest industry, and trona, the natural crude form of soda ash. Trona is produced by Lake Minerals Corporation, a company acquired in late 1981.

The Industry

1982 was a challenging year for the North American fertilizer industry. Demand weakened in overseas markets and consumption in the United States fell because of poor markets for U.S. farm exports. Canadian fertilizer consumption was up slightly because of the strong demand for grain exports, although imports of U.S. fertilizer products adversely affected the sales of Canadian producers.

Nitrogen fertilizer consumption in western Canada was up 7 per cent in 1982 while U.S. consumption was down 7 per cent. Sales of nitrogen in western Canada by Canadian manufacturers were up only 4.5 per cent due to increased imports from the United States.

Phosphate consumption in western Canada increased by 3.5 per cent in 1982; however, U.S. consumption declined by 11 per cent. Phosphate sales in western Canada by Canadian manufacturers decreased by 3.5 per cent due to increased competition from U.S. imports.

U.S. consumption of potash in 1982 was 11 per cent lower than the 1981 level.

Prices softened for all fertilizer products throughout 1982 with markets remaining weak at year-end. At the end of 1982, surplus stocks of major agricultural commodities were above normal in the United States. The outlook is further complicated by the U.S. Government's Set Aside and Payment in Kind programs, designed to reduce acreage under cultivation. It is possible that the acreage remaining under cultivation will receive higher fertilizer application to improve yields to compensate for the low fertilizer application in the fall of 1982, and if so, the spring market for fertilizer could be good. The Canadian agricultural situation for 1983 is also uncertain, with large stocks of commodities and low commodity prices affecting farmers' plans for fertilizer purchases.

Summary of Results

Revenues decreased by $42 million. After considering sales to other segments, lower sales volumes accounted for $32 million and lower prices for $10 million of the decrease.

Cominco's chemicals and fertilizers business segment earned an operating profit of $37 million compared with $98 million in 1981. Fertilizer prices weakened in the last half of the year, resulting in average realized prices for all principal fertilizer products, except ammonia, being lower than those realized last year. Sales volumes were also lower than in the previous year. Third and fourth quarter results were poor because the normal fall fertilizer business did not materialize. The resulting lower revenues, accompanied by higher costs of natural gas (the feedstock for the nitrogen-based fertilizers), and increased operating expenses, were the major factors in the lower operating profit of this business segment.

The combined chemicals and fertilizers production at Cominco operations was 2,497,000 tons *(2,265,000)*, compared with 2,953,000 tons *(2,678,000)* in 1981. Fertilizer production was down 25 per cent from 1981 largely because of lower demand; sulphuric acid was down 19 per cent because of reduced metallurgical operations and poor markets; but sulphur dioxide production was up 9 per cent because of increased sales in eastern Canada.

Kimberley Operation

Revenues at the Kimberley ammonium phosphate operation were $28 million in 1982, compared with $50 million in 1981. The operating loss was $4 million in 1982, compared with an operating profit of $5 million in 1981. The production of ammonium phosphate fertilizer was 123,600 tons *(112,100)* in 1982, compared with 171,900 tons *(155,900)* in 1981. The decrease was due mainly to a three-month shutdown to control inventories. The number employed at the beginning of the year was 168 persons, and 152 at year-end.

Warm Springs Operation

Phosphate rock is produced in Warm Springs, Montana primarily for use in the manufacture of phosphate fertilizer at Kimberley. Production in 1982 was 186,000 tons *(169,000)*, compared with 202,000 tons *(183,000)* in 1981. This reduction was attributed to shutdowns at Warm Springs to control inventories because of the shutdown at the

Food for plants

Cominco's Chemicals and Fertilizer Division has five major operations in Canada and three in the United States. Its Elephant Brand symbol has been familiar to prairie farmers since the 1930s.

At Vade, Saskatchewan, grain storage silos stand in fields over the potash mine 1,000 meters below. A two-year mine expansion program here was completed in October.

In southern Alberta, anhydrous ammonia fertilizer is delivered from a dealer's tank truck to a field applicator.

◁ At Carseland, Alberta, a record-length 92-car unit train containing 8,344 tonnes of urea fertilizer left the plant for markets in the eastern United States in November.

Kimberley ammonium phosphate plant. The number of persons employed at the beginning of the year was 117 and was 114 at year-end.

Carseland Operation

The Carseland Fertilizer Operation produces ammonia and urea. Revenues were $115 million in 1982, compared with $124 million in 1981. Operating profit at Carseland was $27 million, compared with $44 million in 1981. Ammonia and urea production were both slightly below the record levels achieved in 1981 due to a minor increase in maintenance activity. In 1982, 439,800 tons *(399,000)* of ammonia and 494,200 tons *(448,300)* of urea were produced, compared with 457,300 tons *(414,900)* of ammonia and 506,100 tons *(459,100)* of urea in 1981. There were 139 employed at the beginning of the year, and 140 at year-end.

Calgary Operation

Revenues at the Calgary Fertilizer Operation were $33 million in 1982, compared with $28 million in 1981. Operating profit in 1982 was $4 million compared with $8 million in 1981. Higher revenues were more than offset by the higher cost of natural gas and labour. The total fertilizer production at Calgary was 208,600 tons *(189,200)* in 1982, compared with 218,100 *(197,900)* in 1981. Urea sulphur production increased to 25,200 tons *(22,900)* in 1982 from 9,300 *(8,400)* tons in 1981. This was the second year of production for this product which is gaining market acceptance. There were 179 employed at the Calgary Fertilizer Operation at the beginning of the year, and 141 at year-end.

Borger Operation

Cominco American's plant in Borger, Texas produces ammonia and urea. Revenue was $55 million in 1982, compared with $83 million in 1981. The operating loss was $5 million, compared with a profit of $1 million in 1981. Production was 286,000 tons *(259,000)*, compared with 358,000 tons *(325,000)* the previous year and urea production was 55,000 tons *(50,000)*, compared with 54,000 tons *(49,000)* in 1981. The Borger plant was shut down for the entire fourth quarter of 1982 because the cost of natural gas increased on October 1 and made the production of ammonia uneconomic. The plant resumed production in late January 1983 following negotiations for lower-cost gas. The number of persons employed at the beginning of 1982 was 94, and was 84 when the plant shut down in October.

Beatrice Operation

The ammonium nitrate plant at Beatrice, Nebraska had revenues of $28 million in 1982, compared with $23 million in 1981. Operating profit was $3 million in 1982, compared with $1 million in 1981. Revenues and profits increased as a result of sales of product from inventory accumulated in 1981. The plant produced 113,000 tons *(103,000)* of ammonium nitrate, compared with 170,000 tons *(154,000)* in 1981. The Beatrice plant was shut down from May through September because of reduced demand. The number of persons employed at the beginning of the year was 57, and was 56 at year-end.

Vade Operation

At the Vade Potash Mine near Saskatoon, revenues were $74 million in 1982, compared with $84 million in 1981. Operating profit was $12 million, compared with $31 million in 1981. Low demand for potash, particularly in export markets, resulted in a reduction of total potash production in 1982 to 794,000 tons *(720,000)*, compared with 1,087,000 tons *(986,000)* in 1981. The plant was shut down for a total of eleven weeks in the summer, including three weeks for tie-in of expansion projects and an additional four weeks while the new production hoist was being commissioned. Production resumed in mid-September. The $31-million expansion program, which commenced in 1980, was completed in October. Production capacity has been increased from 900,000 tons *(820,000)* to 1,200,000 tons *(1,100,000)*.

Ore reserves were extended to include mineral lands planned for development and mining during the next 25 years and new mineral lands obtained from the Province of Saskatchewan which lie adjacent to the original mineral lease. These revisions have resulted in a 50 per cent increase in ore reserve estimates. The number of persons employed was 448 at the beginning of the year, and 442 at year-end.

Lake Minerals

Lake Minerals Corporation is a small operation that mines crude trona ore from an evaporite deposit in Owens Lake, California. Revenues in 1982 were $0.7 million, compared with $0.5 million for the four months under Cominco ownership in 1981. Operating profits were $0.2 million in 1982, compared with $0.3 million in 1981. Lake Minerals, which was shut down for three and one-half months, produced 34,000 tons *(31,000)* of crude trona, down from 85,000 tons *(77,000)* in 1981 due to a reduced demand by the company's sole customer. A research program is underway to study the feasibility of upgrading the crude trona ore to refined soda ash. There are sufficient reserves of trona for the construction of a large soda ash facility.

The $31-million expansion program at the Vade Potash Operation was completed in 1982.

Other Operations

Revenues and Operating Profit

	Revenues 1982	Revenues 1981	Operating Profit 1982	Operating Profit 1981
	(millions)			
Electronic Materials	$ 37	$ 39	$ 3	$ 4
Western Canada Steel	76	105	2	11
West Kootenay Power	51	38	13	11
Miscellaneous	11	44	3	6
	$175	$226	$ 21	$ 32
First Quarter			$ 7	$ 8
Second Quarter			5	5
Third Quarter			5	8
Fourth Quarter			4	11
			$ 21	$ 32

This segment of Cominco's business comprises principally the operations of Cominco Electronic Materials, Western Canada Steel Limited and West Kootenay Power and Light Company, Limited. Miscellaneous operations include the activities of Cominco Engineering Services Ltd. and European holding and trading companies.

Summary

Revenues decreased to $175 million in 1982 from $226 million in 1981. As a result of the sales of Pacific Coast Terminals Co. Ltd., Vancouver in late 1981, and of producing oil and gas properties in the United States in 1982, revenues from this segment decreased by $33 million. An operating profit of $21 million, compared with $32 million in 1981, was earned in this segment. Of this reduction, $9 million is attributed to reduced operating profit at Western Canada Steel Limited.

Cominco Electronic Materials is an important supplier to the electronics industry. Its activities comprise the production of high purity metals and compound semiconductors in its facilities at Trail, and the production of fabrications, bonding wire and ribbon, and "sputtering products" in the facilities of a subsidiary, Cominco Electronic Materials Incorporated, at Spokane, Washington. Seventeen elements, including aluminum, arsenic, gallium, gold, silver, indium and tellurium are refined to high purity, and over 300 products for the electronics industry are now made. Seven compound semiconductors, including cadmium mercury telluride, gallium arsenide and indium antimonide are in commercial production for use in infrared radiation detection devices, communications equipment and high-speed microcircuits.

Revenues from electronic materials were $37 million, compared with $39 million in 1981. In 1982, lower gold and silver prices and generally lower sales volumes of fabricated and wire products and high-purity metals resulted in lower revenues. These were partly offset by the increased sales volumes of compound semiconductors, sputtering targets and gold products. The operating profit was $3 million in 1982, compared with $4 million in 1981.

Sales volumes of high-purity metals, most fabrications and wire declined during the second half of 1982. However, there was continued growth in the demand for sophisticated compound semiconductor products, developed at Trail over the past ten years. To satisfy this expanding market, a $3-million facility, primarily for cadmium mercury telluride production, was brought into operation at Trail.

Cominco is establishing itself as a leading commercial source of high-quality gallium arsenide wafers. An expansion of productive capacity, costing $1 million, will be completed in 1983. For the vapour deposition market, a precious metal, "Unitarget", developed in Spokane, received good industry acceptance.

The total number of persons employed in Electronic Materials at Spokane and Trail was 204 at the beginning of the year, and 221 at year-end.

Western Canada Steel Limited (100 per cent owned) operates plants producing steel products from scrap metal in Vancouver and Calgary and at Hawaiian Western Steel Limited (51 per cent owned) on the island of Oahu, Hawaii.

Western Canada Steel's revenues declined from $105 million in 1981 to $76 million in 1982, principally because of lower sales volumes.

The Calgary plant operated at near capacity, producing 100,200 tons *(90,900)* during the year compared with 112,200 tons *(101,800)* in 1981. The Hawaiian plant operated at slightly less than one-half of normal production levels, with an output of 22,200 tons *(20,100)* compared with 39,200 tons *(35,500)* in 1981, reflecting the decline in construction activity in Hawaii. The Vancouver plant production for the year was 94,200 tons *(85,400)*, compared with 121,700 tons *(110,400)* in 1981, resulting from the slowdown in new construction and the general trend towards inventory reduction in the industry.

The new $24-million tandem continuous rolling mill at the Vancouver plant is expected to start up in mid-1983, which will significantly increase the volume and variety of its steel products. The new mill, when fully commissioned, will be capable of producing 160,000 tons *(145,000)* of steel a year, an increase of 50,000 tons *(45,000)* from previous capacity.

The company employed 907 persons at the beginning of the year, and 634 at year-end, a result of a program to improve labour productivity and the sharp curtailment of production at the Hawaiian plant.

West Kootenay Power and Light Company, Limited, with headquarters in Trail, provides electrical energy for residential and industrial customers in southeastern British Columbia.

Revenues of West Kootenay Power increased to $51 million from $38 million in 1981. This increased revenue was derived from an increase of 5.5 per cent in energy sales and from rate increases approved by the B.C. Utilities Commission during the year to provide for increased provincial water rentals and other increased costs. Capital expenditures of $9 million, compared with $12 million in 1981 were made to provide for the extension and upgrading of existing transmission and distribution facilities to meet load growth. The operating profit was $13 million in 1982, compared with $11 million in 1981.

In 1982 approvals were obtained from the B.C. Utilities Commission for the sale to West Kootenay Power of three Cominco-owned hydro-electric plants on the Kootenay River. Following the sale, West Kootenay Power owned four hydro- electric plants on the Kootenay River, and Cominco retained one plant on the Pend d'Oreille and one on the Kootenay rivers. The price of $20 million was paid through the issue to Cominco of common shares of West Kootenay

Power. Cominco also obtained an exemption from certain provisions of the Utilities Commission Act which will enable it to sell surplus power to West Kootenay Power without becoming subject to regulation as a utility. By agreement between the two companies, West Kootenay Power may elect to purchase from Cominco until December 31, 1990, up to 657 million kilowatt-hours annually for re-sale in West Kootenay Power's service area. In addition, until September 30, in the year 2005, West Kootenay Power has a right of first refusal to purchase all additional surplus energy generated by the two Cominco-owned hydro-electric plants, for resale in its service area.

During the year the company achieved considerable success in its cost-containment program. The number of persons employed was 403 at the beginning of the year and 368 at year-end.

Cominco Engineering Services Ltd., formed to sell expertise gained in the development of Cominco operations, completed its first full year of operation in 1982 with a small profit. The subsidiary, with offices in Vancouver and Trail, has a staff of 50. It worked for Cominco, associated companies and other customers in Canada, the United States, Norway, Italy and Australia.

In May, Cominco announced an agreement to sell for $37.6 million all of the oil and gas properties of its wholly owned subsidiary, Cominco American Incorporated. Revenues for the part of the year these properties were owned amounted to $5.0 million, and operating profit was $2.3 million. Producing properties involved varying interests in 45 gas wells and three oil wells in Texas, New Mexico and Kansas. Also included in the transaction were 39,700 net acres (15,900 hectares) of undeveloped oil and gas leases in Colorado, Kansas, Oklahoma, Texas, Utah and Wyoming. These properties were sold because they were no longer consistent with Cominco's long-term corporate objectives.

Associated Companies	**Percentage Ownership**	**Revenues**		**Share of Earnings (Loss)**	
		1982	1981 (millions)	**1982**	1981
Fording Coal Limited	40	**$269**	$247	**$ 4.7**	$ (1.1)
Aberfoyle Limited	47	**62**	56	**(1.3)**	1.2
Exploracion Minera Internacional Espana S.A. (Exminesa)	48	**54**	57	**1.4**	2.8
Transcom Joint Venture	50	**7**	3	**0.8**	0.3
The Canada Metal Company Limited	50	**63**	89	**(0.4)**	0.3
Other		**51**	48	**—**	0.3
		$506	$500	**$ 5.2**	$ 3.8

Summary of Financial Position of Associated Companies

	1982	1981
	(millions)	
Working Capital	**$ 52.6**	$ 45.5
Fixed Assets	**347.8**	316.3
Other Assets	**6.4**	5.1
	406.8	366.9
Less: Income taxes not currently payable	**67.5**	55.8
Long-term debt	**121.4**	103.6
Other non-current liabilities	**15.0**	12.2
Net assets	**$202.9**	$195.3
Cominco's share of net assets	**$ 90.2**	$ 87.4

Summary of Results of Operations of Associated Companies

	1982	1981
	(millions)	
Revenues	**$506.2**	$500.4
Costs and expenses	**471.8**	491.8
Earnings before the following	**34.4**	8.6
Income taxes	**(16.1)**	1.6
Exchange losses on translation of foreign companies	**(1.4)**	(1.3)
Total net earnings of associated companies	**$ 16.9**	$ 8.9
Cominco's share of net earnings	**$ 5.2**	$ 3.8
Dividends received by Cominco	**$ 4.8**	$ 3.8

Associated Companies

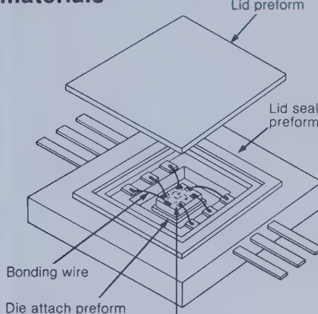
Associated companies are those in which Cominco's interest is 50 per cent or less and over which it has significant influence.

Fording Coal Limited is engaged in the mining and development of metallurgical and thermal coal reserves in southeastern B.C. and Alberta. Revenues for the year were $269 million in 1982, compared with $247 million in 1981. Cominco's share of earnings for the year was $4.7 million, compared with a loss of $1.1 million in 1981.

Fording's production and sales of metallurgical clean coal, from its open-pit operations near Elkford, B.C., were 4,299,000 tons *(3,900,000)* and 3,786,000 tons *(3,435,000)* respectively, compared with production of 4,069,000 tons *(3,691,000)* and sales of 4,076,000 tons *(3,698,000)* in 1981. Fording's expansion program to increase metallurgical clean coal production to 5,500,000 tons *(5,000,000)* was completed in 1982 and the company is proceeding with plans to develop its Eagle Mountain reserves, which are in excess of 440 million tons *(400 million)* and adjoin current mining areas to the south and east. Fording has also agreed in principle to be an equal participant in a joint venture with Edmonton Power, the city-owned utility, to construct and operate a thermal coal mine near Genesee, Alberta. The mine is planned to begin operations early in 1986, at an estimated total project cost of $100 million.

Aberfoyle Limited of Australia operates a

Electronic materials



Microchip components; all made by Cominco

Cominco Electronic Materials now provides over 300 sub-assembly products to manufacturers of high technology hardware.

Fine wire drawing requires exacting controls: the commitment to quality and reliability has earned industry-wide recognition.

Electronic Materials was honored for its support of a handicapped and disadvantaged workers' program in 1982.

◁ *Melting and alloying, the initial process in preform production.*

zinc-lead-silver mine in Tasmania and two tin mines, one in Tasmania and the other in New South Wales. Revenues for the year totalled $62 million compared with $56 million in 1981. Aberfoyle had net earnings of A$56,000 for 1982. After translation of Aberfoyle's assets and liabilities into Canadian dollars and amortization of other investment costs, Cominco recorded a loss of $1.3 million, compared with a profit of $1.2 million in 1981.

Aberfoyle's revenues were adversely affected by the low metal prices which prevailed during the year, and by export restrictions imposed by the International Tin Council, of which the Australian Government is a member. The Que River zinc-lead-silver mine in Tasmania, in its first full year of operation produced 251,300 tons *(228,000)* of ore, and delivered 211,600 tons *(192,000)* to a custom concentrator.

Exminesa's (Exploracion Minera Internacional S.A.) Rubiales mine in the Spanish province of Lugo had revenues of $54 million in 1982, compared with $57 million in 1981. Cominco's share of earnings was $1.4 million, after recording an exchange translation loss of $1.3 million, compared with $2.8 million in 1981, after an exchange translation loss of $0.7 million.

At the Rubiales Mine, ore production was a record 1,144,000 tons *(1,037,800)*. Zinc concentrate production was 146,800 tons *(133,200)*, compared with the production of 134,400 tons *(121,900)* in 1981. Lead concentrate production was 19,300 tons *(17,500)*, compared with 18,200 tons *(16,500)* in 1981.

An exploitation concession was granted for Exminesa's zinc-lead deposit at Troya in the province of Guipuzcoa, Spain. A feasibility study will be undertaken for the possible development of this property, which has inferred reserves of 5.5 million tons *(5.0 million)* of zinc and lead ore containing small amounts of copper and silver. The projected capacity is 1,000 tons *(900)* of ore a day.

Production from the small-scale alluvial diamond mine at Hondeklip, South Africa, operated by the Transcom Joint Venture, in which Cominco has a 50% interest, was 97,200 carats in 1982. Prior to April, 1982 this property was operated by Brazil Diamante (Eiendoms) Beperk, a South African corporation in which Cominco holds a 50% interest. A new recovery plant was commissioned early in the year and improvements were made to the accommodations at this remote mine site. Revenues were $7 million in 1982, compared with $3 million in 1981. Cominco's share of the net earnings was $0.8 million compared with $0.3 million in 1981. The terms of employment of the 53 persons on the staff and work force of Transcom Joint Venture conform to the Canadian Government's guidelines for Canadian companies operating in South Africa.

The Canada Metal Company Limited is a major manufacturer and fabricator of lead and other metal products. It had $63 million in sales in 1982 compared with $89 million in 1981. Cominco's share of the net loss was $0.4 million compared with a profit of $0.3 million in 1981. The loss was attributed to depressed metal prices and margins combined with weakness in the automotive and housing markets.

Other Investments

Investments in other companies are carried at cost in the accompanying financial statements, less amounts written off. Income is recorded only to the extent of dividends received. No dividends were received during the year.

Tara Exploration and Development Company Limited (17.2% owned) reported earnings before extraordinary items of U.S. $0.7 million and net earnings of U.S. $3.9 million in 1982. The strike which closed the Navan lead-zinc mine in Ireland during the second half of 1981 was settled early in 1982 and production resumed late in February.

Panarctic Oils Ltd.'s (7.4% owned) costs continue to be capitalized as none of its properties is in production. Natural gas reserves in the Arctic Islands are reported to be 17 trillion cubic feet, insufficient to justify a pipeline under present conditions.

Exploration

The goals of Cominco's exploration program are to extend known reserves at existing mines, and to discover new ore deposits.

Exploration expenditure in 1982 totalled $42 million, a planned reduction, because of deteriorating economic conditions, from the $61 million spent in 1981. In addition, $11 million was spent on further evaluation of the Red Dog property in Alaska. Investigation and appraisal of identified mineral properties accounted for $23 million. This amount was capitalized as Investments in Mineral Properties and is being amortized against earnings. The remaining $19 million was spent on general exploration and charged against 1982 earnings.

Exploration for new deposits continued to be carried out on a worldwide basis. Projects in Canada accounted for 40 per cent of the total expenditure; 20 per cent was in the United States; and the remaining 40 per cent was spent on projects in 15 other countries.

Diamond drill programs were carried out in over 40 properties, and results on half of them were sufficiently encouraging to justify further work.

The search for new zinc, lead and gold deposits remains the major component of Cominco's exploration program. On February 5, 1982, the Company signed an agreement with the NANA Regional Corporation, Inc., an Alaska native organization, for the evaluation and potential development of the Red Dog high-grade zinc-lead-silver deposit northwest of Kotzebue, Alaska. This 85-million-ton deposit, which grades 17.1 per cent zinc, 5 per cent lead, and 2.4 ounces of silver a ton, is favourably located close to surface and on a low hill. The scope and economics of production are currently under intensive study. A number of other showings in close proximity are held by Cominco, enhancing the importance of Red Dog to Cominco's future. Also in the United States, exploration includes the search for gold in Nevada and base metals in Missouri, Arkansas, Idaho and Montana.

In Canada, district exploration offices are maintained in Vancouver and Toronto, with field offices located in Whitehorse, Yukon; and Vernon and Cranbrook, B.C. In western Canada, work was centred on the search for base metal deposits in the Cordilleran areas of B.C. and the Yukon, and for gold deposits in southern B.C. and Saskatchewan. In eastern Canada, the search for gold deposits in the Abitibi areas of Ontario and Quebec was the major component of the program.

The rest of the exploration program sought other minerals in order to broaden Cominco's product range. These minerals included silver, copper, tungsten, tin, diamonds and phosphate. In Mexico, drilling continued on a small but attractive-grade copper occurrence in the province of Sonora. In French Polynesia, test work continued on a phosphate deposit suitable for early development; Cominco holds a 25 per cent interest in the project. In Australia, the Company's associate, Aberfoyle Limited, continued drilling on a tin deposit in Tasmania and a silver deposit in New South Wales.

Additional ore reserves, sufficient to replace mine production, were identified at the Con, Magmont and Rubiales mines. At Pine Point Mines, diamond drilling confirmed an additional two million tons of high-grade ore lying adjacent to the one-million-ton high-grade prismatic deposit reported in 1981. This important new discovery, located 14 miles *(22 km)* southwest of the concentrator, grades approximately 14 per cent zinc and 7 per cent lead, and will be ready for mining in late 1983 or early 1984.

Safety

Safety continues to be emphasized at all Cominco operations. The overall performance in 1982 remained at a comparable level with other mining company results.

The total number of lost-time accidents declined by 24 per cent, while the frequency rate (the number of lost-time accidents for every 200,000 hours worked) was down 17 per cent. However, there were three fatalities, one each at the Sullivan, Con and Polaris mines.

Cominco American Incorporated continued its outstanding record, with the Magmont Mine completing the year without a lost-time accident for the fourth time since 1974. Carseland had the best record of the Canadian operations, with a frequency rate of 1 and only minor injuries recorded.

The Sullivan Mine Rescue Team won the British Columbia Safety Council competition for the second year in a row, and was judged the best metal team at the Canadian Mine Rescue Championship.

Environmental Protection

Cominco's operating objectives include safe and healthy working conditions at its mines and plants and protection of the environment in surrounding areas. The Company cooperates with the environmental authorities in each local jurisdiction and endeavours to meet existing environmental standards and to provide for those that can be anticipated.

Recent and continuing environmental protection projects include construction of effluent treatment plants at Trail and Kimberley, the new sulphur gas handling and mercury removal projects at Trail and construction of a new treatment plant to recover arsenic trioxide at the Con Mine in Yellowknife.

The technology for the arsenic recovery plant was developed by the Technical Research Centre at Trail and by Cominco Engineering Services Ltd. Arsenic wastes from the gold operations are converted to arsenic trioxide, a granular compound used as a wood preservative. At the same time, the process makes it possible to recover significant gold and silver values. Sales of these products are expected to more than recover the cost of the plant.

The arsenic residues were accumulated when roasting methods were used to recover gold and silver in the Con's mill. Values to be recovered are estimated at 24,900 tons *(22,600)* of arsenic trioxide, 17,400 oz. *(406 kg)* of gold and 41,900 oz. *(977 kg)* of silver.

The operation of the effluent treatment plants at both Kimberley and Trail was satisfactory and progress was made with respect to an overall reduction of metals discharged into the Columbia River at Trail. Columbia River water quality, below Cominco's outfalls, was well within Canadian and U.S. water standards.

Ambient air quality in the Trail area was maintained at an acceptable level for all metals. Sulphur dioxide control was satisfactory. A vegetation survey in the Trail area was completed, and the results were similar to previous studies, indicating that this environmental control continues to be effective.

Expenditures on environmental improvements amounted to $29 million in 1982.

Research and Development

The Product Research Centre at Sheridan Park near Toronto, Ontario, with a staff of 37 and a budget of $2.5 million, maintained an active program of development related to existing and new applications for lead and zinc. Technical support was provided to Cominco metal customers. Continuing research and development were carried out on lead acid batteries, galvanizing and die casting, which constitute the most important markets for Cominco's metals. Work was also done in support of new applications for zinc/aluminum alloys from which engine bearings are made, and to establish the optimum machining procedures for zinc alloy castings.

Cominco's newly developed lead battery grid manufacturing equipment is providing battery companies with a means of achieving increased productivity together with improvements in battery design and performance. During 1982, two more major battery companies, one in the United States and one in Europe, installed Cominco equipment, bringing to eight the number of firms using this Cominco technology. Development work on lead battery manufacturing technology is continuing. Other new product work consisted of continued development of applications for thermoformed parts produced from superplastic zinc and aluminum alloys. This relatively new production technology is being used increasingly for cabinets and enclosures used by the computer and business machine industries.

The Technical Research Centre at Trail with a staff of 48 and a budget of $3 million, performs technical and environmental work for Cominco's operations around the world. It has recently emphasized technical support for the production plants during the commissioning and start-up phases of the Trail modernization projects. A new concept of electrolytic lead refining that lends itself to automation, better process control and improved working conditions was demonstrated successfully. Techniques for the recovery of gallium and germanium, rare metals of increasing importance in the electronics industry, were also under investigation.

Human Resources

At the end of 1982, Cominco and its subsidiaries employed 10,797 persons, of whom 9,280 were employed in Canada. In 1981, 12,643 were employed. The 14.6 per cent decrease in the total number of employees was mainly the result of a critical assessment of employee requirements at each operation.

Non-union employees contributed to productivity improvement in significant ways including the return to a 40-hour work week and a reduction in vacations. In addition, implementation of an annual salary review was deferred for six months.

Approximately 70 per cent of Cominco's employees are represented by industrial unions. During 1982, six labour agreements expired, four renewals were concluded and two with year-end expiration were still under negotiation. There were no work interruptions due to labour disputes during the year. In 1983 14 labour agreements, covering 12 operations, will expire. Six of them,

covering the major mining and metallurgical operations in Canada, will expire on April 30, 1983.

Effective January 1, 1982 the Company granted pension increases to retirees who had turned 65 before 1979. This adjustment was the sixth made by the Company. It affects about 2,500 of the 3,500 pensioners. The cost of this adjustment is about $1.25 million annually. The liability for past service increased by $9.9 million and will be funded over the next ten years.

The newest mine, Polaris, has enjoyed considerable labour stability since start-up. The training programs have proved effective in developing the skills of northerners for jobs as tradesmen, miners, mill operators and equipment operators. Although the number of Inuit decreased from the number on roll at start-up, those enrolled in operating and apprenticeship programs are progressing satisfactorily, with several now filling regular operating jobs.

The Company's higher education awards for post-secondary education were presented to 66 children of employees and pensioners.

During the year 77 employees completed 40 years service with Cominco, bringing the total number who have reached this plateau to 1,152, of whom 151 are still at work.

Production and Sales Statistics

		1982		1981	
		Sales	Production	Sales	Production
Refined Metal					
Zinc					
Trail	tons	228,100	225,800	245,500	260,900
Tolled — Black Angel	tons	24,300	21,000	31,100	30,400
— Polaris	tons	3,500	3,500	—	—
		255,900	250,300	276,600	291,300
Lead					
Trail	tons	113,600	126,600	127,000	131,500
Tolled — Magmont	tons	33,600	33,100	24,600	28,500
		147,200	159,700	151,600	160,000
Silver[1]	ounces	10,003,800	10,337,800	7,635,000	8,440,000
Gold					
Con	ounces	79,300	79,500	74,900	74,800
Trail	ounces	24,800	24,800	20,600	20,600
		104,100	104,300	95,500	95,400
Concentrates[2]					
Zinc					
Sullivan	tons	—	131,000	—	131,200
Magmont	tons	7,200	7,000	7,800	7,900
Pine Point	tons	9,900	287,400	35,600	274,400
Black Angel	tons	127,200	154,900	110,600	154,100
Polaris	tons	71,400	142,400	—	—
		215,700	722,700	154,000	567,600
Lead					
Sullivan	tons	3,400	170,600	—	148,000
Magmont	tons	1,500	44,500	12,000	49,200
Pine Point	tons	76,100	84,500	70,600	86,500
Black Angel	tons	33,300	41,300	44,100	42,000
Polaris	tons	27,900	45,900	—	—
		142,200	386,800	126,700	325,700
Copper[3]					
Bethlehem	tons	16,800	11,000	17,900	22,900
Magmont	tons	1,100	900	1,100	1,000
		17,900	11,900	19,000	23,900
Chemicals and Fertilizers					
Nitrogen products	tons	1,192,000	1,171,000	1,223,200	1,276,700
Phosphates	tons	241,900	250,700	324,700	333,000
Potash	tons	827,300	793,700	917,000	1,087,000
Other	tons	274,500	281,900	250,100	256,300
		2,535,700	2,497,300	2,715,000	2,953,000

[1] *Includes silver sold in concentrates and intermediate products*
[2] *Sales tonnages exclude concentrates processed at Trail and concentrates tolled through other smelters*
[3] *Tonnages are for copper contained in concentrate.*

Management's Statement on Financial Reporting

The accompanying consolidated financial statements of Cominco Ltd. and its subsidiaries have been prepared in accordance with generally accepted accounting principles considered to be appropriate in the circumstances. The statements and all of the information contained in the Annual Report are the responsibility of management and are approved by the Board of Directors of Cominco Ltd. Financial and operating information appearing throughout the Annual Report is consistent with that contained in the financial statements. The consolidated financial statements of Cominco Ltd. and its subsidiaries are examined by Cominco's auditor, Thorne Riddell, and their report follows.

Consolidated Financial Statements

Auditors' Report

To the Shareholders
of Cominco Ltd.

We have examined the consolidated balance sheet of Cominco Ltd. as at December 31, 1982 and the consolidated statements of earnings, earnings reinvested in the business and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the corporation as at December 31, 1982 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Vancouver, Canada
February 9, 1983

Thorne Riddell
Chartered Accountants

Summary of Significant Accounting Policies

The accounts of Cominco Ltd. (the "Corporation") are prepared using accounting principles generally accepted in Canada applied on a consistent basis. To facilitate review of the consolidated statements contained in this report, the significant accounting policies followed by the Corporation and its subsidiaries are summarized below.

Principles of Consolidation
The accounts of the Corporation and its subsidiaries are consolidated in the financial statements. The differences between the cost of the investments and the underlying book values of the assets at the dates of acquisition have been allocated to fixed assets on consolidation and are being amortized accordingly. Inter-company items and transactions between consolidated companies are eliminated. Investments in associated companies (those companies in which the Corporation owns 50% or less of the shares and over which it has significant influence) are accounted for by the equity method. Under this method the Corporation includes in its earnings its share of the earnings or losses of associated companies. In measuring the Corporation's share of earnings or losses, amortization of differences between the cost of the investments and underlying book values is taken into account.

Foreign Currency Translation
The accounts of foreign subsidiaries are translated into Canadian dollars. Accounts included in the consolidated statement of earnings, except inventories, depreciation and depletion, are translated at the weighted average rates of exchange prevailing during the year. Inventories, depreciation and depletion are translated at the rates in effect when the related expenditures are made. Accounts included in the consolidated balance sheet are translated at rates of exchange in effect at the end of the year, except that: a) inventories, investments, fixed assets and accumulated depreciation and depletion are at rates at dates of acquisition; b) deferred income taxes and retained earnings are at rates at date of origin; and c) debts not maturing within one year and share capital are at rates at dates of issue. The resulting translation adjustments are included in the determination of consolidated earnings.

Inventories
Finished goods, raw materials and partially processed materials are valued generally at the lower of cost (determined on the monthly average method) and net realizable value. Stores and operating supplies are valued at average cost less appropriate allowances for obsolescence.

Land, Buildings and Equipment
Land, buildings and equipment are recorded at cost and include the cost of renewals and betterments. When assets are sold or abandoned, the recorded costs and related accumulated depreciation are removed from the accounts and any gains or losses are included in earnings. Repairs and maintenance are charged against earnings as incurred.

Depreciation is calculated on the straight-line method using rates based on the estimated service lives of the respective assets. In some integrated mining and manufacturing operations, assets are pooled and depreciated at composite rates. Depreciation is not provided on major additions until commencement of commercial operation.

Mineral Properties and Development
Expenditures on general mineral exploration are charged against earnings as incurred. Expenditures to investigate identified properties and to develop new mines are capitalized as mineral properties and development. Due to the uncertainty of the final outcome, expenditures on investigation together with the cost of certain investments in mineral companies are amortized against earnings by charges for depletion. Abandoned properties are charged against earnings in the year of abandonment. Depletion on operating mines is provided on a units-of-production or on a time basis related to the mineral reserves position.

Taxes on Income
Income tax laws in Canada and in some other countries permit the deduction of depreciation and other items from income to determine taxable income at times which do not coincide with those used for financial reporting purposes. These differences in timing of deductions result in taxes being provided for which are not currently payable.

Tax savings from investment tax credits are reflected in earnings as they are realized.

Withholding taxes, where applicable, on earnings of foreign operations are provided in the accounts to the extent of dividends anticipated in the future.

Research and Product Development
Research and product development costs are charged against earnings as incurred.

Interest
Generally, interest is charged against earnings. Interest on specific borrowings for major expenditures for fixed assets is capitalized during the construction period.

Start-Up Costs
Start-up costs related to major projects are deferred until the facilities achieve commercial operation. These deferred costs are amortized against earnings on a straight-line basis over a reasonable period of time.

Earnings per Share
Earnings per common share are calculated by dividing net earnings less paid and accrued dividends for preferred shares by the weighted average number of shares outstanding during the year.

Consolidated Statement of Earnings

Year Ended December 31, 1982

	1982	1981
	(thousands)	
Revenue		
Sales of products and services	$ 1,234,727	$ 1,416,904
Income from investments	5,933	19,921
	1,240,660	1,436,825
Costs and Expenses		
Costs of products and services	932,301	938,084
Distribution	139,585	132,080
Selling	27,205	28,402
General and administrative	47,910	45,721
General mineral exploration	14,452	19,582
Interest (Note 7)	90,383	62,620
Depreciation, depletion and amortization	86,388	83,570
	1,338,224	1,310,059
Earnings (Loss) before the Following	(97,564)	126,766
Taxes on income including resource taxes (Note 8)		
Current	6,829	11,921
Not currently payable	(49,871)	38,910
	(43,042)	50,831
	(54,522)	75,935
Minority interests in net earnings (loss) of subsidiary companies	(686)	10,164
	(53,836)	65,771
Equity in net earnings of associated companies	5,207	3,761
Loss on translation of accounts of foreign subsidiaries	(674)	(4,822)
Earnings (Loss) before Extraordinary Item	(49,303)	64,710
Extraordinary item (Note 9)	18,106	5,564
Net Earnings (Loss)	$(31,197)	$ 70,274
Earnings (Loss) per Common Share		
Before extraordinary item	$ (3.10)	$ 3.05
Net earnings (loss)	$ (2.20)	$ 3.35

Consolidated Statement of Earnings Reinvested in the Business

Year Ended December 31, 1982

	1982	1981
	(thousands)	
Amount at Beginning of Year	$ 622,310	$636,176
Net Earnings (Loss)	(31,197)	70,274
	591,113	706,450
Deduct		
Costs incurred on issue of — Common shares	—	475
— Preferred shares	1,796	—
Dividends paid		
Preferred — Series A $2.00 per share	3,542	3,879
— Series C $2.64 per share (1981 — $2.29)	5,275	4,581
— Series D $0.82 per share	1,643	—
Common — $1.30 per share (1981 — $4.10)	24,443	75,205
	36,699	84,140
Amount at End of Year	$ 554,414	$622,310

Consolidated Balance Sheet

at December 31, 1982

	1982	1981
	(thousands)	
Current Assets		
Cash and short-term investments	$ 31,279	$ 48,887
Accounts receivable	182,573	243,624
Inventories (Note 2)	352,156	334,181
Prepaid expenses	9,732	7,317
	575,740	634,009
Investments (Note 3)		
Associated companies	95,929	95,458
Other companies	31,941	34,614
	127,870	130,072
Fixed Assets		
Land, buildings and equipment	1,562,144	1,396,081
Less accumulated depreciation	518,682	463,791
	1,043,462	932,290
Mineral properties and development	417,975	402,365
Less accumulated depletion	101,645	92,291
	316,330	310,074
	1,359,792	1,242,364
Other Assets (Note 4)	28,142	21,379
	$2,091,544	$2,027,824

	1982	1981
	(thousands)	
Current Liabilities		
Bank loans and notes payable	$ 161,633	$ 140,007
Accounts payable and accrued liabilities	146,411	171,220
Income and resource taxes	16,206	19,268
Long-term debt due within one year	30,457	11,509
	354,707	342,004
Long-term Debt (Note 5)	687,975	566,677
Income Taxes Provided but not Currently Payable	175,520	219,155
Minority interests	38,397	45,449
Shareholders' Equity		
Capital (Note 6)	280,531	232,229
Earnings reinvested in the business	554,414	622,310
	834,945	854,539
Commitments and Contingent Liabilities (Note 10)		
	$2,091,544	$2,027,824

Approved by the Board:

Director Director

Consolidated Statement of Changes in Financial Position

Year Ended December 31, 1982

	1982	1981
	(thousands)	
Source of funds		
Funds (deficit) from operations	$(8,090)	$201,251
Disposal of land, buildings, equipment and investments	13,983	6,060
Sale of oil and gas properties (Note 9)	25,728	—
Sale of investment in Pacific Coast Terminals Co. Ltd.	—	12,526
Additional long-term debt	151,304	253,368
Issue of share capital		
— Preferred	50,000	—
— Common	95	99,434
	233,020	572,639
Application of funds		
Land, buildings and equipment	176,900	265,279
Mineral properties and development	53,505	68,388
Purchase of shares of Bethlehem Copper Corporation and Valley Copper Mines Limited (N.P.L.)	—	133,481
Investment in associated companies	—	12,770
Investment in other companies	—	2,293
Reduction of long-term debt	29,612	14,298
Preferred shares purchased for cancellation	1,277	1,618
Dividends — to common shareholders	24,443	75,205
— to preferred shareholders	10,460	8,460
— to minority shareholders of subsidiary companies	6,368	14,446
Working capital of Pacific Coast Terminals Co. Ltd. removed from the consolidation	—	1,422
Other	1,429	6,662
	303,992	604,322
Decrease in working capital	70,972	31,683
Working capital at beginning of year	292,005	323,688
Working capital at end of year	$221,033	$292,005

Notes to Consolidated Financial Statements

Year Ended December 31, 1982

1. Accounting Policies

The significant accounting policies followed by the Corporation and its subsidiary companies are summarized under the caption "Summary of Significant Accounting Policies".

2. Inventories

	1982 (thousands)	1981
Finished goods	$165,992	$166,892
Raw materials and partially processed materials	100,173	82,860
Stores and operating supplies	85,991	84,429
	$352,156	$334,181

3. Investments

	1982 (thousands)	1981
Associated companies:		
Shares at cost	$ 66,788	$ 66,758
Equity in undistributed earnings	29,141	28,700
	$ 95,929	$ 95,458
Other companies:		
Shares at cost		
Panarctic Oils Ltd. (7.4% owned)	$ 19,228	$ 19,513
Tara Exploration and Development Company Limited (17.2% owned)	26,903	26,903
Other companies	5,781	5,894
Other	334	339
	52,246	52,649
Less accumulated amortization of mineral investments	20,305	18,035
	$ 31,941	$ 34,614

4. Other Assets

	1982 (thousands)	1981
Debt financing costs, less amounts amortized	$ 1,742	$ 2,117
Loan to Bankeno Mines Limited	3,000	3,000
Deferred start-up costs, less amounts amortized	15,440	7,609
Other	7,960	8,653
	$ 28,142	$ 21,379

5. Long-Term Debt (excluding amounts due within one year)

	1982 (thousands)	1981
Cominco Ltd.		
10% Serial Notes due 1984 to 1996, U.S. $43,334,000	$ 42,662	$ 45,943
8½% Sinking Fund debentures due 1991	52,106	52,666
10⅞% Sinking Fund debentures due 1995	48,856	49,032
Bank loan due 1983 with interest related to the Canadian prime bank rate	—	9,000
Export-Import Bank of the United States 8% loan due 1984 to 1985, U.S. $2,287,000	2,278	3,797
Bank loan due 1984 to 1994 with interest related to prime bank rates	156,400	152,000
Bank loan due 1984 to 1993 with interest related to prime bank rates	200,000	200,000
Bank loan with an initial three-year revolving term convertible before 1986 into a five-year term loan with interest related to prime bank rates	100,000	—
West Kootenay Power and Light Company, Limited		
5¾% First Mortgage bonds due 1985	5,437	5,514
Bank loan due 1985 bearing interest at ¼% above the Canadian prime bank rate (see note below)	41,100	36,128
Cominco American Incorporated		
7% Notes due 1984 to 1985 U.S. $1,380,000	1,490	2,927
8½% Note payable to be repaid monthly on a declining balance basis. Final settlement date March, 2000. U.S. $2,188,000	2,627	2,700
Other debt	539	556
Pine Point Mines Limited		
Bank loans with an initial three-year revolving term convertible before 1986 into five-year term loans with interest related to prime bank rates	13,700	—
Western Canada Steel Limited		
Bank loan with interest related to the Canadian prime bank rate repayable over ten years commencing not later than July 1, 1984	19,900	5,500
Other Companies	880	914
	$687,978	$566,677

West Kootenay Power and Light Company, Limited in January, 1983 issued a Private Placement Memorandum relating to $35 million of Debentures, the financing of which is to be completed in March, 1983, with the proceeds used to reduce that company's bank loan.

Payments required on long-term debt, after the refinancing of the West Kootenay Power and Light Company, Limited bank loan and assuming the conversion of the revolving loans into five-year term loans in 1985, are: 1983 — $30,457,000; 1984 — $42,872,000; 1985 — $56,809,000; 1986 — $67,404,000; 1987 — $67,394,000.

If translated into Canadian dollars at year-end rates of exchange, long-term debt would increase by $11,430,000 in 1982 and $10,371,000 in 1981. This is not necessarily indicative of the amounts of the exchange premium, if any, which will be payable when the obligations are retired.

6. Capital

The Corporation is incorporated under the Canada Business Corporations Act and is authorized to issue an unlimited number of Preferred and Common Shares.

	1982	1981
	(thousands)	
a) Issued and fully paid:		
Preferred —		
1,788,384 shares (1981 — 1,860,084) — $2.00 Tax Deferred Exchangeable Preferred Shares Series A (Note 6(d))	$ 44,709	$ 46,502
2,000,000 shares — Floating Rate Preferred Shares Series C	50,000	50,000
2,000,000 shares — $3.25 Cumulative Redeemable Preferred Shares Series D	50,000	—
	144,709	96,502
Common —		
18,805,743 shares (1981 — 18,802,718) (Note 6(c))	135,822	135,727
	$280,531	$232,229

b) Preferred Shares:
The Corporation has constituted the following Preferred Shares:
2,000,000 shares as "$2.00 Tax Deferred Exchangeable Preferred Shares Series A"
2,000,000 shares as "$2.4375 Preferred Shares Series B"
2,000,000 shares as "Floating Rate Preferred Shares Series C"
2,000,000 shares as "$3.25 Cumulative Redeemable Preferred Shares Series D"

Each Series A Preferred Share is entitled to a fixed cumulative cash dividend of $2.00 per annum payable semi-annually. The Series A Preferred Shares are exchangeable into Series B Preferred Shares after June 1, 1988. Each Series C Preferred Share is entitled to a cumulative cash dividend which is related to the prime rate of interest charged by certain Canadian banks, adjusted quarterly and payable semi-annually. The holders of the Series C Preferred Shares may call for retraction on March 31, 1988. Each Series D Preferred Share is entitled to a fixed cumulative cash dividend of $3.25 per annum payable quarterly. The holders of the Series D Preferred Shares may call for retraction on March 31, 1988. The Corporation may elect on or after February 1, 1988 to designate a further series of Preferred Shares into which the Series D Preferred Shares may be converted.

c) Shares issued during the year for cash:

Preferred —	
2,000,000 $3.25 Cumulative redeemable Preferred Shares Series D.	$50,000,000
Common —	
3,025 Shares (Note 6(e))	95,000
	$50,095,000

d) Shares purchased for cancellation:
During 1982, the Corporation purchased for cancellation 71,700 Series A Preferred Shares with an issued value of $1,792,500 for $1,277,000 cash.

e) The Corporation has 83,850 Common Shares remaining available for issuance under stock option plans in favour of certain executives in the full-time employment of the Corporation or a subsidiary. Options are exercisable within five years of issue at 90% of the market price on the day prior to the day when granted.

Outstanding options at December 31, 1982 are as follows:

Granted	Price	Outstanding	Exercised in 1982
1977	32.63	nil	2,525
1978	24.41	1,000	500
1979	32.40	10,000	nil
1980	52.31	20,500	nil
1981	60.98	24,750	nil
1982	36.68	29,000	nil
		85,250	3,025

7. Interest

Interest charges were as follows:

	1982	1981
	(thousands)	
Charged to Earnings:		
— Long-term debt interest	$ 68,760	$51,409
— Short-term debt interest	21,623	11,211
	90,383	62,620
Capitalized interest	22,962	22,225
	$113,345	$84,845

8. Taxes on Income

Income taxes have been reduced by investment tax credits of $386,000 (1981: $2,228,000).

Accumulated investment tax credits amounting to $40,600,000 are available to reduce income taxes otherwise payable during the years 1983 to 1987.

In 1981 income taxes were reduced by $3,288,000 due to the cancellation in the United Kingdom of deferred taxes provided in prior years on inventory appreciation.

9. Extraordinary Item

In 1982 a subsidiary company, Cominco American Incorporated, realized a gain of $18,106,000 from the sale of its oil and gas properties. The Corporation received proceeds of $25,728,000 after income taxes of $11,915,000.

In 1981 the Corporation sold its interest in a subsidiary company, Pacific Coast Terminals Co. Ltd. The Corporation's gain amounted to $5,564,000 after providing for income taxes of $2,433,000.

10. Commitments and Contingent Liabilities

a) The Corporation and its subsidiaries have pension plans covering substantially all employees. Pension costs for current service are charged to earnings in the year incurred. The liability for past service is being funded and charged to earnings over varying periods up to 15 years. The date of the most recent actuarial evaluation for most pension plans is December 31, 1981. At December 31, 1982, actuarial estimates of the liability for past service to be funded in future years amount to $56,000,000 of which $47,000,000 remains to be charged to earnings, $9,000,000 having been charged to earnings by provisions in prior years. The vested portion of the liability for past service to be funded in future years is $34,000,000.

   Total pension expense including past service costs was $23,300,000 for 1982 and $22,711,000 for 1981. During 1982 the Corporation granted increased pensions to certain retired employees. The related 1982 costs and unfunded liability are included in the above figures.

b) At December 31, 1982 guarantees amounted to $19,000,000 of which $9,800,000 was for bank loans of an associated company.

c) At December 31, 1982 unexpended amounts remaining on approved major capital projects were $112,000,000.

11. Related Party Transactions

Related parties consist of the Corporation's associated companies and Canadian Pacific Limited and its subsidiary and associated companies. Sales (all at fair market prices) to related parties amounted to $29 million (1981: $38 million). The Corporation provides management services at cost to certain associated companies.

The Corporation has a revolving line of credit with Canadian Pacific Securities Limited in the amount of $50 million which provides for loans of up to one year at interest rates related to commercial paper rates. The amount outstanding at December 31, 1982 was $50 million (1981: $15 million).

The Corporation makes extensive use of both major Canadian railroads, one of which is a division of Canadian Pacific Limited (CP Rail), for the transportation of its raw materials and finished products. Freight charges from CP Rail are at published tariff rates. In addition, in the regular conduct of its business, the Corporation makes use of other services, facilities and products of the Canadian Pacific organization. These transactions are at rates and terms similar to those for unrelated customers.

12. Segmented Information

a) The Corporation operates in three industry segments: Mining and Integrated Metals — Principally the mining, processing, smelting, and refining of zinc, lead, copper, silver and gold into concentrates and refined metal.

   Chemicals and Fertilizers — Principally the production of sulphuric acid, potash, ammonia, urea, phosphates and nitrates.

   Other Operations — Principally fabricated metal products and electric power distribution.

b) Sales to other segments are accounted for at prices which approximate market.

c) Investment income and certain corporate expenditures and assets relating to the overall direction and management of the Corporation's activities are not allocated to industry segments.

d) Canadian export sales amounted to $529 million (1981: $553 million).

e) The 1981 segmented information has been restated to conform with the 1982 presentation.

(continued on page 29)

Segmented Information

Year Ended December 31, 1982
(Millions)

By Industry Segment	Mining and Integrated Metals		Chemicals & Fertilizers		Other Operations		Consolidated	
	1982	1981	1982	1981	1982	1981	1982	1981
Revenue								
Sales to external customers	$ 641	$ 732	$ 421	$ 462	$ 173	$ 223	$1,235	$1,417
Sales to other segments	34	31	1	2	2	3		
	$ 675	$ 763	$ 422	$ 464	$ 175	$ 226		
Earnings								
Operating profit (loss) before unallocated items, below	$ (38)	$ 79	$ 37	$ 98	$ 21	$ 32	$ 20	$ 209
General mineral exploration							(15)	(20)
Interest expense							(90)	(63)
Corporate (net)							(13)	1
Income and resource taxes							43	(51)
Earnings (loss) before minority interest, gain or loss on translation, equity in earnings of associates and extraordinary item							$ (55)	$ 76
Identifiable Assets								
Segment assets								
— Operating	$ 793	$ 607	$ 399	$ 392	$ 159	$ 177	$1,351	$1,176
— Undeveloped properties and construction in progress	518	578	4	23	27	14	549	615
	$1,311	$1,185	$ 403	$ 415	$ 186	$ 191	$1,900	$1,791
Corporate assets							63	107
Investment in associated and other companies							120	130
Total Assets							$2,083	$2,028
Depreciation, Depletion and Amortization	$ 57	$ 52	$ 22	$ 22	$ 7	$ 10	$ 86	$ 84
Capital Expenditures	$ 178	$ 261	$ 21	$ 29	$ 31	$ 44	$ 230	$ 334

By Geographic Region	Canada		United States		Other Countries		Consolidated	
	1982	1981	1982	1981	1982	1981	1982	1981
Revenue								
Sales to external customers	$ 840	$ 973	$ 330	$ 366	$ 65	$ 78	$1,235	$1,417
Sales to other regions	99	120	8	8	—	—		
	$ 939	$1,093	$ 338	$ 374	$ 65	$ 78		
Earnings								
Operating profit (loss) before unallocated items	$ 6	$ 153	$ (1)	$ 32	$ 15	$ 24	$ 20	$ 209
Identifiable Assets								
Regional assets								
— Operating	$1,143	$ 927	$ 128	$ 169	$ 80	$ 80	$1,351	$1,176
— Undeveloped properties and construction in progress	503	579	40	28	6	8	549	615
	$1,646	$1,506	$ 168	$ 197	$ 86	$ 88	$1,900	$1,791
Depreciation, Depletion and Amortization	$ 63	$ 57	$ 16	$ 17	$ 7	$ 10	$ 86	$ 84
Capital Expenditures	$ 204	$ 286	$ 21	$ 39	$ 5	$ 9	$ 230	$ 334

Five Year Financial Summary

(All dollar amounts in millions except per share figures)

	1982	1981	1980	1979	1978
Operations					
Sales of products and services	**$1,234.7**	$1,416.9	$1,442.7	$1,273.9	$ 901.2
Net earnings (loss)	**(31.2)**	70.3	171.1	204.6	68.2
— per common share	**(2.20)**	3.35	9.54	11.57	3.64
Funds from operations	**(8.1)**	201.3	307.7	325.7	143.7
— per common share	**(0.97)**	10.52	17.54	18.69	8.08
Dividends on common shares	**24.4**	75.2	75.2	80.9	34.0
— per common share	**1.30**	4.10	4.40	4.75	2.00
Capital expenditures	**230.4**	333.7	280.3	150.1	87.4
Financial Position					
Assets:					
Working Capital	**$ 221.0**	$ 292.0	$ 323.7	$ 275.2	$ 211.8
Fixed assets (net)	**1,359.8**	1,242.4	909.9	645.5	564.3
Investments and other assets	**156.0**	151.4	129.6	166.0	161.0
	$1,736.8	$1,685.8	$1,363.2	$1,086.7	$937.1
Financed by:					
Long-term debt	**$ 688.0**	$ 566.7	$ 329.0	$ 226.0	$ 234.9
Income taxes not currently payable	**175.5**	219.2	172.9	122.4	93.9
Minority interests	**38.4**	45.4	90.4	54.8	42.4
Shareholders' equity	**834.9**	854.5	770.9	683.5	565.9
	$1,736.8	$1,685.8	$1,363.2	$1,086.7	$ 937.1
Return on assets	**Nil**	7.7%	16.4%	23.7%	9.5%
Return on common shareholders' equity	**Nil**	9.3%	26.2%	37.7%	12.9%
Number of employees at year-end	**10,797**	12,643	12,296	11,254	10,539
Total employment costs	**$ 421.3**	$ 416.1	$ 341.8	$ 278.5	$ 239.7
Market price per common share					
(Toronto Stock Exchange) — High	**$55¼**	$72	$81	$55½	$34¾
— Low	**$33¾**	$43¾	$47½	$31⅝	$23

Shareholder Information

Transfer Agents and Registrars

The Royal Trust Company
555 Burrard Street
Vancouver, B.C.
V6B 3R7

333 - 7th Avenue S.W.,
Calgary, Alberta
T2P 2Z1

*330 St. Mary Avenue
Winnipeg, Manitoba
R3C 2Z5

23rd Floor, Royal Trust Tower
Toronto Dominion Centre
P.O. Box 7500 - Station A
Toronto, Ontario
M5W 1P9

630 Dorchester Blvd. W.
Montreal, Quebec
H3B 1S6

**One King Street
St. John, N.B.
E2L 1G1

***1660 Hollis Street
Halifax, N.S.
B3J 1V7

Bank of Montreal Trust Company
**2 Wall Street
New York, N.Y.
10005

Stock Exchanges
Vancouver, Montreal,
Toronto (Canada)
**American (U.S.A.)
*Series A and D Preferred Shares Only
**Common Shares Only
***Series D Preferred Shares Only

Share Valuation
For Canadian capital gains tax purposes the Valuation Day value of Cominco Ltd. common shares on December 22, 1971 as established by the Department of National Revenue was $22.88 per share.

Stock Holdings
The number of registered holdings of voting stock on March 10, 1983 was 23,578. The distribution of the voting rights on that date was as follows:

95.27%
Canada
4.12%
United States
0.24%
United Kingdom
0.37%
Other Countries

(continued on page 31)

Dividends
Cominco's practice is to declare dividends on its common shares quarterly payable towards the end of each calendar quarter.

Dividends are paid in Canadian dollars to all common shareholders who reside in Canada and in U.S. dollars to all other common shareholders. Common shareholders resident in Canada may elect to receive dividends in U.S. dollars and common shareholders not resident in Canada may elect to receive dividends in Canadian dollars upon forwarding a written request to any office of the Company's principal Registrar and Transfer Agent, the Royal Trust Company, shown in this Report.

Sources of Shareholder Information
The Annual Report is one of several sources of information available to Cominco shareholders. A description of other regularly published sources is given below.

- Interim reports are normally mailed in May, August, and November. These reports contain financial results and other news about the Company.
- The Information Circular, Proxy and Annual Report are mailed to each registered shareholder in March. The Information Circular describes the matters to be considered at the Annual General Meeting.

To permit shareholders who do not hold Cominco stock in their own names to receive published information on a timely basis, the Company has established a special mailing list. Shareholders on the list will have reports mailed directly to them, rather than through a third party. To be placed on the direct mailing list, shareholders should write to the Corporate Secretary, Cominco Ltd., Suite 2300, 200 Granville Street, Vancouver, B.C., Canada, V6C 2R2.

Principal Offices

Head Office
Suite 2300
200 Granville Street,
Vancouver, British Columbia V6C 2R2

Group Offices
Canada
Trail, British Columbia
Calgary, Alberta
Yellowknife, Northwest Terrorities
Europe
London, England
U.S.A.
Spokane, Washinton

Research Centres
Trail, British Columbia
Sheridan Park, Ontario

Sales Offices
Cominco Ltd.
Vancouver, British Columbia
Toronto, Ontario
Calgary, Alberta
Cominco American Incorporated
Spokane, Washington
Cominco (U.K.) Limited
London and Manchester, England

Operating Mines
Ardlethan
New South Wales, Australia
Black Angel
Greenland
Cleveland
Tasmania, Australia
Con
Northwest Territories, Canada
Fording Coal
British Columbia, Canada
Hondeklip
South Africa
Valley
British Columbia, Canada
Magmont
Missouri, U.S.A.
Pine Point
Northwest Territories, Canada
Polaris
Northwest Territories, Canada
Que River
Tasmania, Australia
Rubiales
Spain
Sullivan
British Columbia, Canada
Vade
Saskatchewan, Canada
Warm Springs
Montana, U.S.A.

Metal Production
Cominco Ltd.
British Columbia
Hawaiian Western Steel Limited
Hawaii, U.S.A.
Mitsubishi Cominco Smelting Company Limited
Japan
Western Canada Steel Limited
British Columbia
Alberta

Metal Fabrication
The Canada Metal Company Limited
Quebec
Ontario
Manitoba
Alberta
British Columbia
Cominco Electronic Materials Incorporated
Spokane, Washington
Western Canada Steel Limited
British Columbia

Chemical and Fertilizer Production
Cominco Ltd.
British Columbia
Alberta
Cominco American Incorporated
Nebraska
Texas

Exploration Offices
Cominco Ltd.
Vancouver
British Columbia
Toronto, Ontario
Cominco American Incorporated
Spokane, Washington
Cominco Europe Limited
Guildford, England
Cominco S.A.,
Brussels, Belgium
Aberfoyle Limited
Melbourne, Australia
Compania Minera Constelacion S.A. de C.V.
Guadalajara, Mexico
Eland Exploration (Pty.) Ltd.
Johannesburg, S. Africa
Cominco (Peru) S.R. Ltda.
Lima, Peru

Principal Subsidiaries and Associated Companies

	Cominco Ownership		Head Office
Aberfoyle Limited	47%	N. A. Gilberthorpe, Chairman and Chief Executive Officer	Melbourne, Australia
The Canada Metal Company Limited	50%	P. N. Summers, President and Chief Executive Officer	Toronto, Ontario
Cominco American Incorporated	100%		Spokane, Washington, U.S.A.
Cominco Electronic Materials Incorporated	100%	A. V. Marcolin, President and Chief Executive Officer	Spokane, Washington, U.S.A.
Cominco Europe Limited	100%	P. Hansen, Chairman and Managing Director	London, England
Cominco (U.K.) Limited	100%	K. D. Patten, Managing Director	London, England
Exploracion Minera Internacional Espana S.A.	48%	F. F. Prugger, Managing Director	Villafranca del Bierzo, Spain
Fording Coal Limited	40%	J. H. Morrish, President and Chief Executive Officer	Calgary, Alberta
Mitsubishi Cominco Smelting Company Limited	45%	T. Nagano, President	Tokyo, Japan
Pine Point Mines Limited	69%	R. P. Douglas, President and Chief Executive Officer	Yellowknife, N.W.T.
Vestgron Mines Limited	63%	O. E. Owens, President	Yellowknife, N.W.T.
Greenex A/S	63%	E. Sprunk-Jansen, Managing Director	Copenhagen, Denmark
Western Canada Steel Limited	100%	M. C. D. Hobbs, Chairman and Chief Executive Officer	Vancouver, British Columbia
Hawaiian Western Steel Limited	51%	C. F. Schutte, Chairman	Ewa, Hawaii, U.S.A.
West Kootenay Power and Light Company, Limited	common-100% preferred- 30%	J. A. Drennan, President and Chief Executive Officer	Trail, British Columbia

Directors and Officers

Directors

* M. N. ANDERSON
Chairman and Chief Executive Officer
Cominco Ltd., Vancouver

†H. C. BENTALL
Chairman, the Bentall Group
Vancouver

* F. S. BURBIDGE
Chairman and Chief Executive Officer
Canadian Pacific Limited, Montreal

* F. E. BURNET
Corporate Director
Spokane

* R. W. CAMPBELL
Vice-Chairman and Chief Executive Officer
Canadian Pacific Enterprises Limited, Calgary

R. G. DUTHIE
Corporate Director
Vancouver

* H. T. FARGEY
Executive Vice-President at Toronto
Cominco Ltd., Toronto

R. HOUGEN
Chairman of the Board
Canadian Satellite Communications Inc., Whitehorse

* Members of Executive Committee
† Members of Audit Committee

D. J. KELSEY
Consultant and Corporate Director
Vancouver

†R. A. MacKIMMIE, Q.C.
Barrister and Solicitor
MacKimmie Matthews
Calgary

†P. A. NEPVEU
Chairman of the Board
CIP Inc.
Montreal

I. D. SINCLAIR, Q.C.
Chairman
Canadian Pacific Enterprises Limited
Toronto

W. J. STENASON
President
Canadian Pacific Enterprises Limited
Calgary

* W. G. WILSON
President
Cominco Ltd., Vancouver

Officers

M. N. ANDERSON
Chairman and Chief Executive Officer

W. G. WILSON
President

H. T. FARGEY
Executive Vice-President at Toronto

R. P. DOUGLAS
Senior Vice-President, Operations

R. R. STONE
Vice-President, Finance

O. E. OWENS
Vice-President, Exploration

K. H. SPURR
Vice-President, Metal Sales

J. GIOVANETTO
Vice-President, Human Resources

W. J. ROBERTSON
Vice-President, Prairie Group

J. E. FLETCHER
Vice-President, B.C. Group

J. M. WILLSON
Vice-President, Northern Group

A. V. MARCOLIN
President, Electronic Materials Division

R. P. TAYLOR
President, Copper Division

B. J. PARTRIDGE
General Solicitor

K. S. BENSON
Corporate Secretary

L. D. MARGERM
Treasurer

A. D. MILLER
Comptroller and Assistant Secretary

Cominco Ltd.
Suite 2300, 200 Granville Street, Vancouver, British Columbia V6C 2R2

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